Kape®

LEADING IN DIGITAL PRIVACY AND SECURITY FOR CONSUMERS

ANNUAL REPORT AND ACCOUNTS 2020

Who we are

Kape is a ‘privacy first’ digital security company focused on protecting consumers and their personal data as they go about their daily digital life.

Our focus

Empowering consumers to manage their own data and digital security online.

Our vision

To provide online autonomy for a secure and accessible personal digital life.

Consumer SaaS expertise

Growth business model and strong revenue visibility driven by a SaaS-based financial model.

Contents

Financial highlights

$122.2m
Revenue increase
+85%*

$39.0m
Adjusted EBITDA[1]
+168%

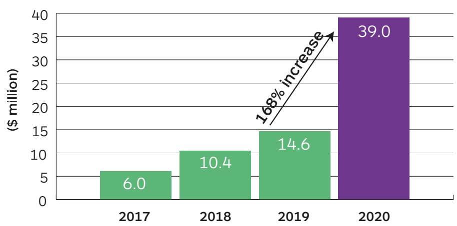
$20.4m
Adjusted cashflow from operations
+1,994%

14.8 cents
Fully diluted earnings per share[2]
+771%

$106.4m
Growth in recurring revenues
+106.6%

$49.9m
Cash balance

Underlying Adjusted EBITDA[2] ($ million)



1 Adjusted EBITDA is a company-specific measure which is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating expenses and employee share-based payment charges.
2 From continuing operations.
3 Calculated as expected revenues from first renewal of the existing user base in addition to the deferred revenue balance.
4 Renewal rate is on a 6 months basis.

Continued to successfully deliver against our strategy, achieving record revenues and user numbers, despite the unprecedented impact of COVID-19 across the global economy.

Operational highlights

- Increase in subscribers to 2.52 million at 31 December 2020 (31 December 2019: 2.31 million) with a 83%[4] retention rate (31 December 2019: 81%)
- Visibility on revenues from existing users increased to $110.5 million[3] (31 December 2019: $98.8 million)
- Completed the successful integration of PIA
- Kape's user acquisition expertise and technology continues to drive growth of PIA users
- Raised additional growth capital through a successful $115.5 million fundraising in October 2020, which was both oversubscribed and upscaled
- Expanded Kape's investor base across the UK, Europe, US and Israel
- Facilitated the buy-out of the equity interests in the Company of the two co-founders of PIA
- Provided additional funds to execute on the Group's growth strategy
- Delivered on the Group's product development roadmap, launching a number of significant new solutions and initiatives during the year
- Transformed the digital business from VPN provider to a fully-fledged privacy and security suite
- Launched CyberGhost's first unified privacy and security suite, adding Privacy Guard and Security Updater

Kape's core software products

Our products

We have built a core SaaS product suite over a number of years, with a primary focus on digital privacy and digital security.

Digital Privacy

- privateinternetaccess®
- CyberGhost
- ZenMate

Digital Security

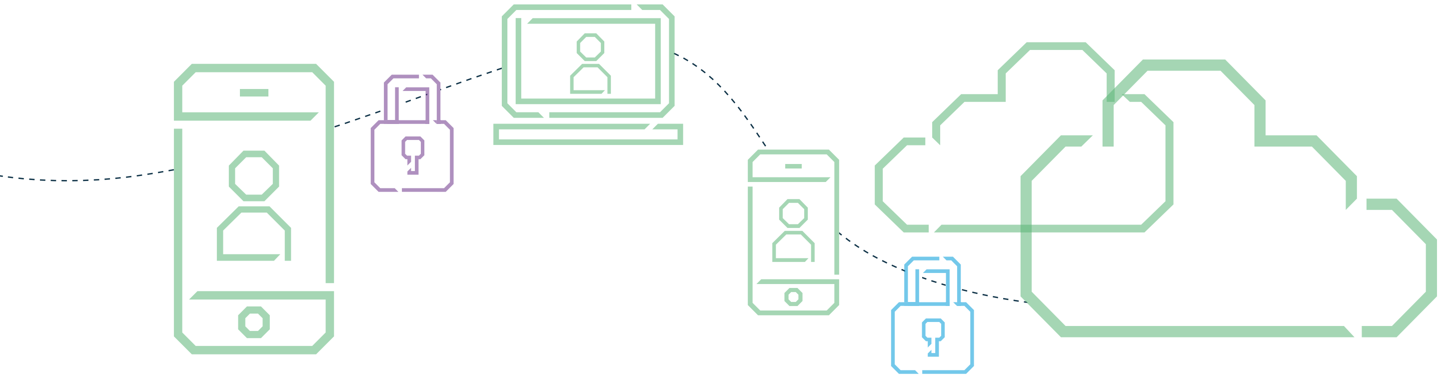
- intego
- DRIVERFIX
- RESTORO

COMPANY OVERVIEW

360 Employees

9 Global hubs

2.5m Subscribers



Successful integration experience

160+
Subscriber countries

DON ELGIE
NON-EXECUTIVE CHAIRMAN

Kape's growing range of 'privacy first' solutions are now well-positioned to capitalise on this sizeable global market opportunity.

2020 was a year dominated by the social and economic challenges brought about by the COVID-19 pandemic. As we look back over 2020 and evaluate our progress, I am immensely proud of the response of our management team in safeguarding our people and of our employees in keeping our customers protected. The need for digital privacy products has never been more relevant. There is no question that the sudden and rapid shift to remote working accelerated consumer awareness of the need for a more comprehensive suite of privacy solutions capable of protecting their data, identity and digital footprint, in turn fuelling demand.

This helped deliver a very strong performance from the Group. In the year ended 31 December 2020, revenue generated was at the upper end of management's forecasted range at $122.2 million (2019: $66.1 million), an increase of 85%, with recurring revenue now representing c. 87% of total Group revenue. Kape also achieved Adjusted EBITDA[1] ahead of management's expectations at $39.0 million (2019: $14.6 million).

Management delivered on its promise to integrate PIA, strengthen the balance sheet and accelerate product development initiatives. The integration of PIA has exceeded expectations, which is particularly pleasing, given that, at the time we made the acquisition, it was our largest acquisition and integration to date. This experience of delivering a successful integration gives us huge confidence following the recent announcement of our acquisition of Webselenese.

We were extremely pleased to complete the successful fundraise in October 2020, and for Kape's first capital raise since IPO to be significantly oversubscribed, and subsequently upscaled, validates investor support for Kape's vision and the execution of our strategy to date. The ability of the Company's R&D team to innovate and launch multiple new products was again demonstrated during 2020 and we are already seeing growing traction for these products, paving the way for Kape to play an expanding role in individuals' lives globally. The business reached a new level of maturity in 2020 and we are already building on this in the current financial year.

Post period-end

We were pleased to announce the appointment of Pierre-Etienne Lallia as Non-Executive Director in January 2021. Mr. Lallia brings extensive experience working across the capital markets arena, having spent much of his career at leading global investment banks. Mr Lallia is Managing Director of Globe Invest UK Ltd and the appointed representative of Unikmind Holdings Limited, the Company's largest shareholder. He is a significant addition to the Board of Kape.

The acquisition of Webselenese in March 2021 is pivotal in Kape's strategic roadmap. Whilst to date Kape's M&A strategy has focused on expanding its product portfolio, which we will continue to do, this addition to the Group is highly strategic and enhances both our go-to-market capabilities and product development roadmap whilst at the same time being significantly earnings enhancing.

Outlook

As announced at the time of the Webselenese acquisition, it is expected that the enlarged Group will generate consolidated full-year 2021 revenues of between $197-202 million and Adjusted EBITDA of between $73-76 million.

We expect that the combination of our growing product stack and our superior go-to-market capabilities will accelerate our growth across 2021 and in the years to come, particularly as we begin to see the benefits from the acquisition of Webselenese. We continue to execute on our ambitious strategy to be our customers' go-to partner in ensuring control over their online privacy and security both through organic growth and further acquisitions.

Summary

Kape's management team have continued to demonstrate their unique combination of a compelling strategic vision coupled with superior execution capabilities. We are confident that during 2021 and beyond we will continue to deliver against our strategy and on our ambitious growth trajectory. I would like to thank the entire global Kape team for their hard work and dedication during what has been a trying time for every individual. Kape's ongoing success would not be possible without the tenacity and determination of its people.

We were especially encouraged by the participation of a number of core management and employees in the Company's recent equity fundraising in October 2020 which amounted to circa $600,000.

DON ELGIE
NON-EXECUTIVE CHAIRMAN
16 March 2021

Investment case

1. Fully focused on the high growth privacy-first digital security space
2. Strong customer proposition underpinned by proven user acquisition model
3. Market leading privacy and software security products designed for global consumer markets model
4. Proven track record of revenue and EBITDA growth
5. Strong revenue visibility underpinned by a SaaS-based financial model

1 Adjusted EBITDA is a company-specific measure which is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating expenses and employee share-based payment charges.

Increased need for private work from home connections

Our priorities and key mitigating actions

1 Maintaining critical services for our customers

2 Keeping our employees safe

3 Protecting value for our stakeholders

COVID-19

With COVID-19 severely impacting the macroeconomic environment and driving an increased requirement for workforces to shift to home working, heightened concerns relating to digital security and privacy have resulted in Kape benefiting from favorable market tailwinds. The global shift to remote working has provided further impetus to our existing growth trajectory through increased demand for Kape's digital privacy solutions, with the size of the global VPN market alone expected to reach $70 billion in 2026.
In addition to a continued focus on cost control, travel restrictions have curtailed the costs associated with the Group's global marketing activities and other operational expenses, resulting in an improvement in the Group's operating margin.

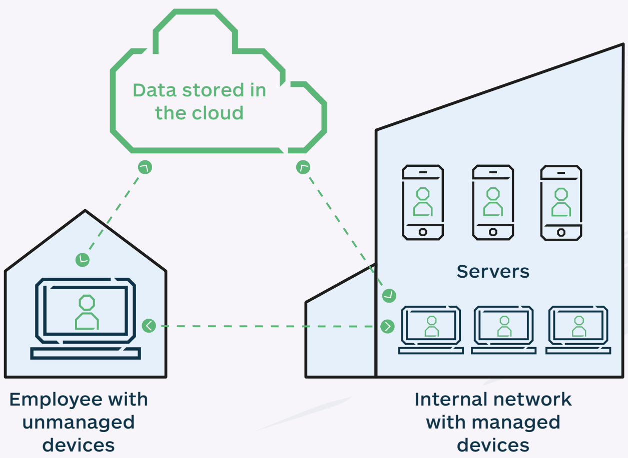
How it affected our business

- Accelerated remote working trends, as well as accelerating the need for digital privacy & security
- Increased need for private work from home (WFH) connections for corporate employees
- There is an increased risk due to WFH connections being less secure than corporate enterprise grade servers

Outlook

Whilst we continue to monitor the ongoing COVID-19 pandemic and the wider macro-economic situation closely, Kape remains well placed to continue on its exciting growth trajectory as market fundamentals remain strong and we expand our user base and broaden our software suite to capture this.

Increased number of personal devices used = increased risk for individuals and companies



30,000%

Increase in phishing where 48% of phishing attacks are on mobile devices

33%

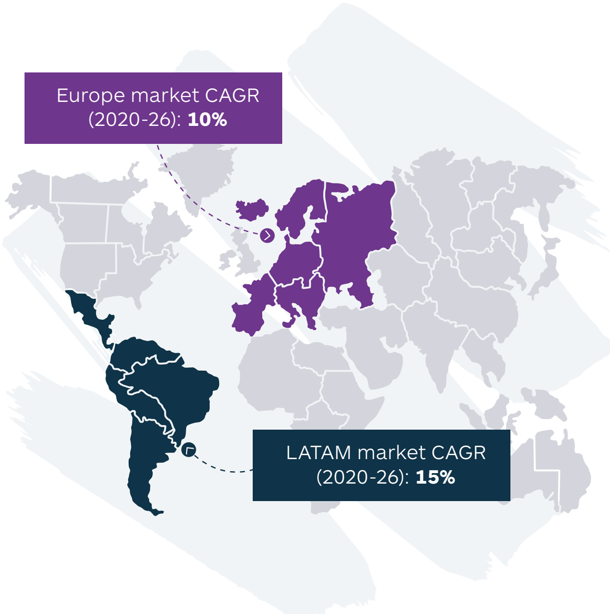
Increase in remote access technologies and VPN usage since the beginning of the pandemic

The global privacy market is a fast growing billion-dollar market.

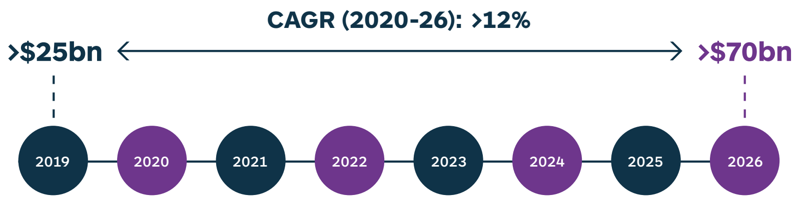
Market size and scale

VPN market exceeded $25bn in 2019 and is expected to reach $70bn in 2026*

* Source: Global Market Insight



59% of consumers lack understanding about what is done with their data



- Fast-growing internet penetration globally has increased the number of cyber attacks, resulting in heightened concerns around data privacy
- As more data breaches and cyber attacks occur, consumers are increasingly concerned about their data security
- Proliferation of mobile phone use and internet-linked devices is driving the need to protect users' data-research indicates that 48 per cent of phishing attacks occur on mobile devices

Digital privacy awareness is growing, supported by new regulations and a more educated market

Ever-expanding market

- **Over 490 million** individuals were affected by data breaches in 2019 with an estimated global cost of cybercrime of **$600 billion per year***
- Growing exposure of personal information including **names, email addresses, credit card numbers, and IP addresses**
- Average internet user's information will be shared with 800 different websites
- Endpoint security market estimated at $12.5 billion in 2020, growing to **$18.6 billion in 2027***

Allowing internet service providers to:

- Sell confidential data pertaining to how consumers use the internet
- Share consumers' information without consent
- Withhold news of a data breach from consumers and law enforcement, even where consumer information is at risk

COVID-19: working from home the new normal

- Increased **number of personal devices** used
- **Heightened risk** for individuals and companies from opportunistic individuals
- An increase of **over 40%** of disclosed security incidents since the pandemic, underlining the heightened threat environment**

* Meticulous Market Research Pvt. Ltd. – June 2020
**Grand View Report

Market drivers

- Internet of Things (IoT) increasing levels of data and connected devices
- B2C market replicating B2B trends
- Individuals increasingly becoming targets of cybercrime
- Rise in personal data stored in the cloud
- Increasing awareness of need to protect digital presence
- COVID-19 is increasing the need for security

IDO ERLICHMAN
CHIEF EXECUTIVE OFFICER

We are now fast-tracking our vision into reality by creating one of the most prominent privacy companies globally.

2020 was an extremely positive year for Kape, both in terms of operational progress and financial performance. Kape delivered a record performance in 2020, with a significant increase in both revenues and improved profitability. With COVID-19 causing widespread uncertainty globally, the requirement for high quality and secure internet software solutions has been further reinforced, triggering a sustained increase in demand for Kape's products. If we have learned anything from 2020, then it is that the move to increased working from home is very much here to stay which bodes extremely well for Kape's future.

2.5m
subscribers

In the year ended 31 December 2020, revenue generated was at the upper end of management's forecasted range at $122.2 million (2019: $66.1 million), an increase of 85%, with recurring revenue now representing c. 87% of total Group revenue. Kape achieved Adjusted EBITDA[1] ahead of management's expectations at $39.0 million (2019: $14.6 million), up 168%, with Adjusted EBITDA margin increasing significantly to 31.9% (2019: 22.0%).

The tenacity and dedication of our employees was more evident than ever in 2020. Despite the challenges arising from the increase in employees working from home, as a business, we delivered across all our key strategic milestones. This is testament to the more than 360 individuals that Kape employs globally, who work daily innovating, improving and delivering on our vision to become the privacy and security provider of choice for consumers. Notable achievements in the year include:

- completing the integration of PIA ahead of schedule and achieving synergies beyond expectations;
- delivering on our product roadmap, launching our first unified privacy and security suite, providing consumers with a comprehensive protection solution to safely navigate their life online; and
- raising additional capital and expanding our investor base in the UK, Europe, US and Israel, to continue on our growth trajectory.

PIA Integration

In the latter part of 2020, we completed the integration of PIA, having acquired the business in December 2019. The first half of the year was focused on improving the business' infrastructure and realising cost synergies. Pleasingly, we were successful in improving the service that we provide to our customers whilst reducing the cost to serve, as a result of the technical strengths and economies of scale of the enlarged Group.

The cost synergies that the Group achieved totaled $6.5 million – well ahead of the upper end of the $3.5-4.5 million range previously guided. From a cultural aspect, it has been encouraging to see that the pursuit for privacy and security for consumers unites all of the Group's employees, with PIA's team central to our ongoing efforts. By the completion of the integration, we had retained 97% of the original PIA team (excluding preplanned departures) and a number of former PIA employees have since taken on enhanced Group-wide roles.

Revenue

$122.2m

Oversubscribed fundraise

$115.5m

Adjusted operating cash flow

$20.4m

In the final quarter of 2020, the strength of combining Kape's go-to-market technologies with PIA's brand recognition began to come to fruition, with 93% growth achieved in cash revenue from new users in Q4 2020 compared with the same period in the prior year. We expect this trend to continue as we expand our customer acquisition efforts.

Product development

2020 was a significant year for Kape in terms of product development, as we transformed our digital business from a VPN provider to a fully-fledged consumer focused privacy suite. This included the launch of CyberGhost's first unified privacy and security suite, an all-in-one digital freedom, data privacy and security system providing consumers with a comprehensive solution enabling them to safely navigate their lives online. Two significant new features were added, Privacy Guard, which gives users full control over their operating system's settings and Security Updater, which protects devices from threats caused by vulnerable versions of installed apps. The WireGuard® encryption protocol has also been introduced to enhance the security and performance of our VPN service and we launched our endpoint protection for Windows, with this product now available to CyberGhost customers.

Kape is also adding products which protect two further privacy touchpoints: a Password Manager, which is a fully secured vault allowing customers to actively guard their passwords; and an end-to-end encryption service for cloud-data in partnership with Boxcryptor, which ensures that users' files are encrypted before they are synced to supported cloud storage providers.

We have seen increasing uptake for our powerful antivirus real-time protection for Windows in our privacy suite, as well as the introduction of our tokenised dedicated IP product. Overall, 10% of all new CyberGhost users have taken up additional products during the first two months of 2021, as we accelerate our cross-selling initiatives, which we believe are a key strategic growth driver for the Group. Kape's product roadmap is geared towards adding adjacent products which will enhance and improve our customers' control over their digital privacy and security, and we are seeing growth in up-sell and cross-sell.

Finally, we have begun deploying colocation, adding a private server network, which is owned and controlled by Kape in 17 locations including Chicago, Frankfurt, Silicon Valley, Toronto and Berlin, providing our customers with even greater autonomy and digital protection.

Strengthening the Balance Sheet

In April 2020, the Group secured a new senior term loan and revolving credit facilities of up to $70 million with Bank of Ireland, Barclays Bank, and Citi Commercial Bank. The Group's balance sheet was further strengthened in October 2020, through a significantly oversubscribed and upscaled $115.5 million fundraise to provide additional growth capital. We were very pleased with the strong response to the fundraising, which further endorsed our strategy, as we received high levels of interest from existing shareholders, as well as welcoming a number of new US institutions to our register. Post year-end, as part of the funding for the Webselenese acquisition, the Group increased debt funding through drawing down $85 million under a bridge facility made available by TS Next Level Investments Limited, an affiliate of Unikmind Holdings Limited, Kape's majority shareholder.

Key Performance Indicators

In the year ended 31 December 2020, the Group continued to perform very strongly against its KPIs, which are designed to track the ongoing profitability and earnings predictability of the Group by assessing the progress of the Group's SaaS business model.

	31 Dec 2020 '000	31 Dec 2019 '000
Subscribers (thousands)	**2,519**	2,308
Retention rate[3]	**83%**	81%
Deferred income ($'000)	**36,594**	35,312

	Year ended 30 Dec 2020	31 Dec 2019 '000
Adjusted EBITDA	**38,973**	14,559
Adjusted operating cash flow[2]:		
Attributable to current year ($'000)	**43,594**	17,902
Investment in growth	**(23,194)**	(16,928)
Adjusted operating cash flow ($'000)	**20,400**	974

The number of subscribers increased in the year to 2.52 million, as we started to introduce our customer acquisition capabilities and technologies across PIA in the second half of the year, a trend we expect to accelerate.

The number of CyberGhost and Intego subscribers increased 19% and 28% respectively on an annualised basis during the period and we expect PIA to achieve these double-digit growth rates, as all solutions continue to benefit from Kape's ongoing customer acquisition technologies. The PC performance products saw a flattening in users during the period, as we continue to shift our customer acquisition focus to the high growth privacy and security verticals.

Pleasingly, we also achieved an uplift in retention to 83%, which remains very high for a consumer software business. With recurring revenues now accounting for 87% of Group revenue, Kape has strong visibility over its future earnings with deferred income of $36.6 million at 2020 year-end.

We achieved a significant increase in Adjusted EBITDA of 168%, as well as a marked increase in adjusted operating cash flow attributable to the current year to $43.6 million (2019: $17.9 million), enabling us to make substantial investment in the future growth of the business, as we continue to execute on our strategy.

COVID-19 response

As announced in March 2020, Kape successfully shifted its global workforce to remote working across the majority of its locations with minimal impact on the Group's output. The health and wellbeing of our employees is a central priority for Kape and whilst we are pleased to see the worldwide roll-out of vaccination programmes, management continues to monitor the situation very closely. COVID-19 has triggered a seismic shift in the way that people work and interact causing a global acceleration in digitisation. In turn, individuals' digital privacy and security has become a priority resulting in a sustained increase in demand for Kape's products. Pleasingly, the Group has been able to service this increase in demand despite the ongoing influences of the pandemic without impact to the quality of its services.

Acquisition of Webselenese

In March 2021, post year-end, the Group announced the acquisition of Webselenese – a highly strategic transaction for Kape that markedly bolsters our go-to-market and product development capabilities. Webselenese is an insight-driven digital platform which provides independent and highly valued consumer privacy and security content to millions of users globally via its market leading review site, attracting eight and a half million unique monthly readers in more than 29 languages, with a strong presence in North America.

It is anticipated that Webselenese's unrivalled level of market understanding and consumer feedback will support Kape's ongoing product development and organic user growth with Webselenese maintaining its editorial independence as its management team will stay with the business. This acquisition is a very important milestone in Kape's journey to becoming the leading force across the global consumer digital privacy and security arena and we look forward to providing further updates regarding the synergies from and integration of the acquisition in due course.

Outlook

I am delighted with our progress during 2020, both in terms of strategic objectives and accelerating our financial and customer growth targets. This momentum has been maintained into 2021 with continued strong organic growth coupled with the acquisition of Webselenese, which we managed to execute less than six months after securing our additional funding.

The Board and management team believe that the Group is now better placed than ever before to continue to deliver meaningful growth in the medium to long-term and benefit from the burgeoning digital privacy and security markets. It is expected that following the acquisition of Webselenese in March 2021, the Group will generate consolidated 2021 revenues of between $197-202 million and Adjusted EBITDA of between $73-76 million, signposting another period of material growth for the business.

We expect the combination of expanding our product stack coupled with our superior go-to-market capabilities will accelerate growth in the medium-term. We continue to execute on our ambitious strategy to be our customers' go-to partner in ensuring control over their online privacy and security.

IDO ERLICHMAN
CHIEF EXECUTIVE OFFICER
16 March 2021

1 Adjusted EBITDA is a Company-specific measure which is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating expenses and employee share-based payment charges.
2 Adjusted operating cash flow attributable to current year is calculated as Adjusted operating cash flow excluding change in deferred contract costs.
3 Retention rates are calculated on a six month basis.

Continuing our ongoing and successful strategic priorities

1

Expand global customer base in a fast-growing market

Progress during the year

The Group services 2.5 million paying subscribers, providing a significant global platform for continued growth

2

Product innovation and R&D to enhance competitive advantage and optimise users' life-time-value

Progress during the year

Kape's enhanced product stack includes a suite of privacy-based software solutions focused on online identity, browsing, security, encryption and connectivity

3

Leverage customer acquisition platform

Progress during the year

Significant opportunity to leverage Kape's proprietary technology platform to deliver continued strong organic growth, complete the integration of PIA and enhance subscriber growth

4

Continue acquisitive expansion

Progress during the year

Completed PIA's integration. Continue to leverage Kape's success in integrating and growing SaaS products. The cost synergies that the Group achieved totalled $6.5 million

Growing our customer base

Successfully completed the integration of PIA – Kape's largest integration to-date

CUSTOMER REACH

Doubled Kape's existing customer base, with the enlarged Group servicing over 2.52 million paying subscribers globally; **93% growth** achieved in cash revenue from new users in Q4 2020 compared with the same period in the prior year

OPERATIONAL & R&D SYNERGIES

Expanded tech stack – introduced WireGuard protocol, reduced cost to serve while growing support quality and product development achieving **$6.5 million** synergies in operations expenses far in excess of expectation of $3.5-4.5 million

PRODUCT EXTENSION

Enhanced Kape's product stack with a suite of privacy-based software solutions focused on **browsing, encryption and connectivity**

BRAND AWARENESS – US FOOTPRINT

Uniquely positioned Kape as a truly global leader within the fast-growing digital privacy sector and a strong presence in **North America**

Kape's journey to becoming a leader in the digital privacy space

Consistent growth in paying subscribers, revenue and EBITDA

2011-15

September 2014
IPO on AIM

2016

May
New management team appointed

H2 2016
Launch of a new strategic roadmap

October
Acquisition of DriverAgent

2017

March
Acquisition of CyberGhost

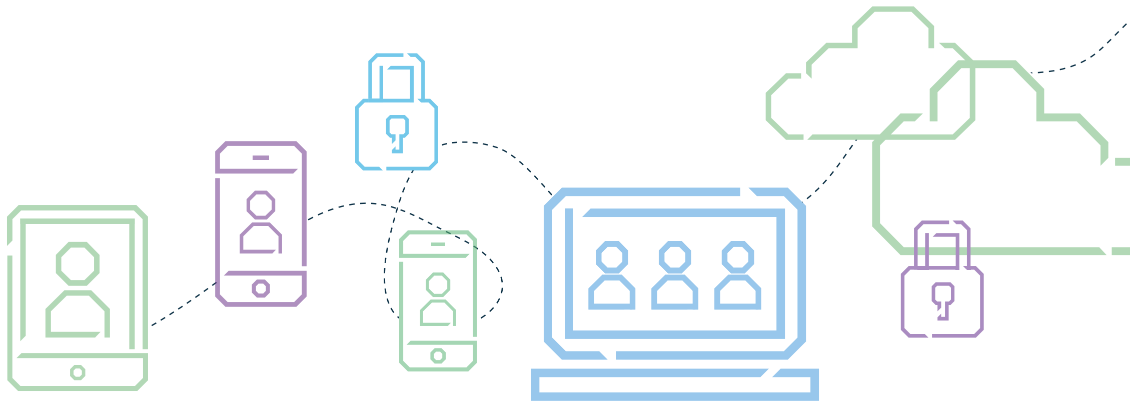
2018

March
Name change to Kape Technologies

H1 2018
500k paying subscribers

July
Acquisition of Intego

October
Acquisition of ZenMate



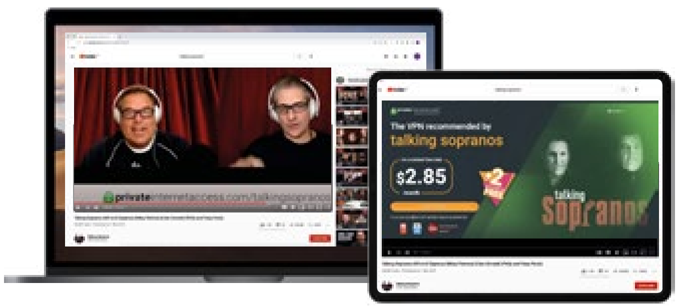
Integration in numbers:

- Cost savings achieved totalled $6.5 million – well ahead of the upper end of guided range $3.5-4.5 million
- Opex: 40% reduction in monthly operating expenses
- Customer support – 800% increase in chat support; more cost effective

93% growth in cash revenues from new users in PIA for Q4 compared with the same period last year

User acquisition platform

1. Advanced BI enabling new approaches
2. In-house affiliate programme. Expanding and creating new marketing channels to address proven untapped addressable markets
3. New channels – influencers, podcasts



H1 2019
1 million paying subscribers

H1 2020
2.5 million paying subscribers

2019 | 2020 | 2021

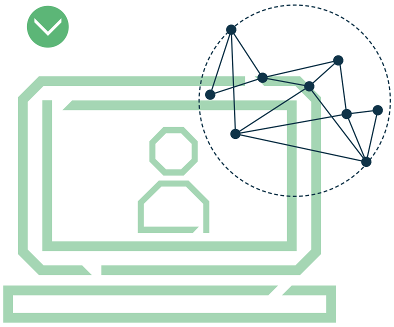
December
Acquisition of PIA

March
Acquisition of Webselenese

Scale changing acquisition of Webselenese

Kape acquired Webselenese Ltd. ('Webselenese'), a digital platform which provides independent and highly valued consumer privacy and security content to millions of users globally via market leading review sites. The total consideration for the acquisition is c. US$149.1 million on a net cash basis.

- Provides a unique competitive advantage in driving organic growth, complementing Kape's existing user growth efforts
- Bringing Kape closer to the consumer – unrivalled insights and expertise will support Kape's product development roadmap
- Growing and profitable – expected earning accretion of 65% in 2021, accelerating Kape's existing growth ambitions



$149.1m

acquisition* of Webselenese a significant milestone in Kape's strategic roadmap

* On a net cash net debt basis

Delivers unrivalled market and consumer knowhow

Strategic technology and knowhow:

- A unique insight-driven content platform; attracting over 105 million readers last year
- Providing a deep understanding of driving readers to security-related content across the web and creating an organic presence

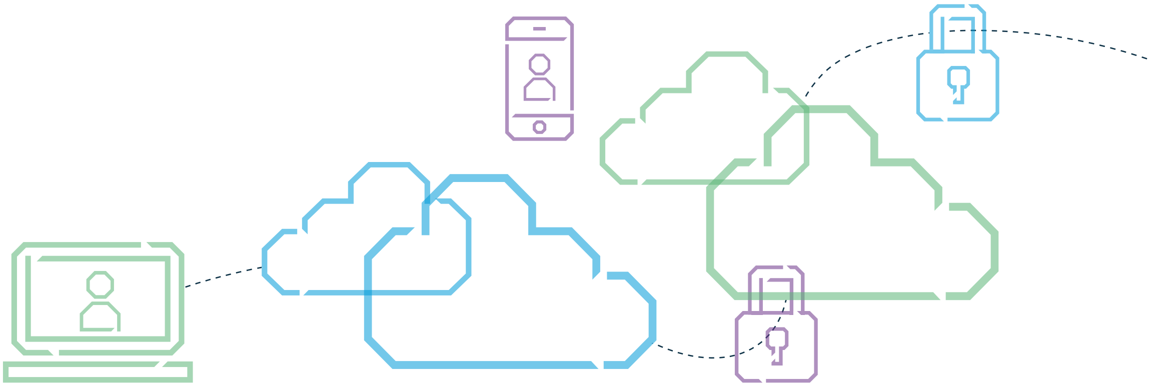
Content assets:

- Millions of highly localised, top quality online content pieces across the web
- An authoritative presence in the security space. It has built up a global team of local experts
- The platform has tens of thousands of user generated reviews

Summary

- Provides Kape with one of the broadest audiences for consumer digital privacy and security
- Deepens Kape's go-to-market capabilities and ensures Kape is ahead of the market in consumer trends providing a competitive edge
- Expected accretion of 65% in 2021, acquisition accelerates Kape's earnings growth with the enlarged Group expected to generate on a reported basis 2021 revenues of US$197-202 million and adjusted EBITDA of US$73-76 million* consolidated on the closing date
- Key pillar in Kape's strategic roadmap to become a world leader in consumer digital privacy and security

* Consolidating Webselenese as from the 5 March 2021, being the deal's closing date



Unique knowhow and technology:

- Provides a deep understanding of driving readers to security-related content across the web and fueling organic growth
- Immediately reduces CAC by circa 16% (customer acquisition costs)
- Gives Kape a competitive advantage in its go-to-market strategy, with infrastructure which will create a strengthened organic online presence
- Kape has been partnering with Webselenese for the last three years

Driving access to users and underpinning organic growth ambitions

Kape

Users	Kape
Brand	privateinternetaccess® CyberGhost
Content	webselenese

Product innovation and R&D to increase competitive advantage and user satisfaction

Our product process

Kape's enhanced product stack includes a suite of privacy based software solutions focused on browsing, encryption and connectivity.

Better speed
Increase in speed, providing our customers with better service worldwide with up to 45% improvement in speed in major locations.

- Drive retention

Better scalability
Our server fleet performs 1,000% more efficiently than before the upgrade; providing our customers with better performance and increased scalability.

- Allow for hyper-growth

Better flexibility
Infrastructure is completely modular which allows for agile development, and the ability to constantly improve enables Kape to be ahead of the competition with new developments.

- Fast to react and agile tech

>10%
of new CyberGhost users purchased more than one product*

* Figures based on sales since the commercial launch of the suite in January 2021

Progress in Digital Privacy

We have demonstrated a technology leap in our product development effects.

We have continued to make significant progress in expanding the ‘privacy first’ product stack, which enables individuals to take full control of their online privacy across growing digital vulnerabilities.

Accelerating our product development efforts

Launched our CyberGhost suite focused on digital privacy and digital security.

Foundation is set for future opportunities

- Cross-sell opportunities
- Increased retention
- Platform for Integration of new products

MORAN LAUFER
CHIEF FINANCIAL OFFICER

Strong performance, the Digital Privacy Segment has seen continued growth with a 198% increase in revenues.

Overview

Revenues for the year to 31 December 2020 increased by 85.0% to $122.2 million (2019: $66.1 million). The increase in revenues was driven by a full year contribution of PIA as well as 31% organic growth in the Digital Privacy segment. Adjusted EBITDA increased by 167.7% to $39.0 million (2019: $14.6 million). Operating profit increased by 158.5% to $10.7 million (2019: $4.1 million).

Adjusted cash flow from operations attributable to the current financial period was $43.6 million (2019: $17.9 million), which represents cash conversion of 112% (2019: 123%). In addition, during the period, $23.2 million was reinvested in user acquisition costs that will be expensed in future periods (2019: $16.9 million). After including this investment, Adjusted cash flow from operations increased to $20.4 million (2019: $1.0 million). As 31 December 2020 the Group's cash balance was $49.9 million (31 December 2019: $8.2 million) and net debt was $11.1 million.

On 28 April 2020, Kape agreed with Bank of Ireland, Barclays Bank, and Citi Commercial Bank, to refinance the shareholder loan, that the Company entered into in December 2019, with a senior secured term and revolving credit facilities of up to $70 million. The New Debt Facilities comprised a $40 million term facility, a $10 million revolving credit facility, and a $20 million uncommitted acquisition facility. The new Debt Facilities carry an interest rate of 3 months LIBOR (as of the beginning of the relevant period) plus a margin of 1.85-2.25% per annum.

On 5 March 2021, the Group acquired 100% of the share capital of Uma Capital Ltd and Ani Ariel Ltd, the owners of Webselenese, a digital platform which provides independent and highly valued consumer privacy and security content to millions of users globally via market leading review sites. The total consideration was $149.1 million (the 'Consideration') to be satisfied by a combination of $116.6 million in cash and $32.5 million in new shares, amounting to 12.1 million Kape ordinary shares. We anticipate that the Acquisition will support and improve the Group's organic growth prospects in the fast-growing consumer digital privacy and security markets.

To fund the transaction the Company has drawn down $85 million from a $120 million Bridge Loan by TS Next Level Investments Limited ('TSNLI'). The Bridge Loan will carry a fixed coupon of 6.0% per annum payable on funds drawn and an arrangement fee of 1.0%. The Bridge Loan is subordinated to Kape's existing bank facilities and is repayable on 31 December 2021 (which may be extended to 30 April 2022 at the sole discretion of Kape). TSNLI is an affiliated company of Unikmind Holdings Limited, Kape's largest shareholder, therefore the bridge loan is considered a related party transaction. The Company intends to refinance the Bridge Loan in full within a period of 90 days with a new upsized facility from its lending banks. There are no penalties for early repayment under the bridge loan agreement.

Segment result

	Revenue		Segment result	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Digital Security	**32,368**	35,949	**13,346**	17,873
Digital Privacy	**89,844**	30,111	**52,835**	15,536
Revenue	**122,212**	66,060	**66,181**	33,409

The segment result has been calculated using revenue less costs directly attributable to that segment. Cost of sales comprises payment processing fees and infrastructure costs of the Group's privacy products. Direct sales and marketing costs are user acquisition costs.

Digital Privacy

	2020 $'000	2019 $'000
Revenue	**89,844**	30,111
Cost of sales	**(14,127)**	(5,440)
Direct sales and marketing costs	**(22,882)**	(9,135)
Segment result	**52,835**	15,536
Segment margin (%)	**58.8**	51.6

During the period, the Digital Privacy segment saw continued growth with an 198% increase in revenue to $89.8 million (2019: $30.1 million) and an 240% increase in segment result to $52.8 million (2019: $15.5 million). Following the completion of its acquisition in December 2019, PIA contributed $53.5 million of revenue in the period (2019: $2.5 million). The segment margin has increased to 58.8% (2019: 51.6%) driven mainly from higher margins on revenue generated by PIA.

Digital Security

	2020 $'000	2019 $'000
Revenue	**32,368**	35,949
Cost of sales	**(2,045)**	(2,085)
Direct sales and marketing costs	**(16,977)**	(15,991)
Segment result	**13,346**	17,873
Segment margin (%)	**41.2**	49.7

During the year, revenue from the Digital Security segment slightly decreased, by 10% to $32.4 million (2019: $35.9 million). This decrease was driven by a decrease in revenues generated from the PC performance products following a management decision to shift focus and budgets to Intego's Endpoint security products as its user base generates higher life-time value due to a better retention rate of its subscriber base. Revenue generated from sales of Intego's end point security products have increased by 9%.

98%
Increase in combined segment results

Adjusted EBITDA from continued operations

Adjusted EBITDA for the year to 31 December 2020 was $39.0 million (2019: $14.6 million). Adjusted EBITDA is a non-GAAP Company specific measure which is considered to be a key performance indicator of the Group's financial performance. Adjusted EBITDA is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating expenses and employee share-based payment. Such amounts are excluded from the following analysis:

	2020 $'000	2019 $'000
Revenue	**122,212**	66,060
Cost of sales	**(16,172)**	(7,525)
Direct sales and marketing costs	**(39,859)**	(25,126)
Segment result	**66,181**	33,409
Indirect sales and marketing costs	**(9,192)**	(7,903)
Research and development costs	**(6,194)**	(3,149)
Management, general and administrative costs	**(11,822)**	(7,798)
Adjusted EBITDA	**38,973**	14,559

Operating profit

A reconciliation of Adjusted EBITDA to operating profit is provided as follows:

	2020 $'000	2019 $'000
Adjusted EBITDA	**38,973**	14,559
Employee share-based payment charge	**(1,232)**	(1,680)
Other operating income	**(313)**	(91)
Exceptional and non-recurring costs	**(6,623)**	(2,331)
Depreciation and amortisation	**(20,097)**	(6,314)
Operating profit	**10,708**	4,143

Exceptional or non-recurring costs in 2020 includes non-recurring staff costs of $6.4 million comprised mainly of a $4.9 million one-off bonus award to the management team for the successful integration of PIA and a $1.5 million onerous contract cost relating to PIA's founder consulting agreement, and $0.2 million (2019: $1.9 million) for professional services costs related to business combinations.

Increase in Depreciation and amortisation is driven by a $12.6 million (2019: $0.6 million) amortisation charge of PIA acquired intangibles assets.

Profit before tax from continuing operations

Profit before tax from continuing operations was $7.3 million (2019: $2.8 million).

Profit after tax from continuing operations

Profit from continuing operations was $29.7 million (2019: $2.5 million). At the time of the acquisition of PIA, the Company recognised a deferred tax liability of $25.8 million, which had been reversed through the tax income line in the year ended 31 December 2020 and presented in the tax note as part of 'Reversal of previously recognised deferred tax liability'. The reversal is following a share buy back from the PIA's founders that changed the tax structure of the acquisition and increased the tax basis of the acquired intangible assets. See notes 5 and 7 for more details.

The Group recognised a deferred tax asset of $6.2 million (2019: $1.6 million) in respect of tax losses accumulated in previous years.

Cash flow

	2020 $'000	2019 $'000
Cash flow from operations	**15,244**	(1,357)
Exceptional and non-recurring payments	**5,156**	2,331
Adjusted cash flow from operations	**20,400**	974
% of Adjusted EBITDA	**52%**	7%
Excluding increase of deferred contract costs	**23,194**	16,928
Adjusted cash flow from operations attributable to current year	**43,594**	17,902
% of Adjusted EBITDA	**112%**	123%

$28.8m
Net profit at
31 December 2020

Cash flow from operations was $15.2 million (2019: ($1.4) million). Adjusted cash flows from operations, after adding back payments that are one-off in nature was $20.4 million (2019: $1.0 million). This represents a cash conversion of 52% of Adjusted EBITDA (2019: 7%). The increase in operating cash flow is due to an increase in revenues from renewals of existing subscribers. Following the increase in renewal revenue, customer acquisition cash investment in the year was 51% out of cash revenue (2019: 63%). The Company invested $23.2 million (2019: $16.9 million) in user acquisition that is attributable to revenue that will be recognised in future periods. Excluding the investment, adjusted operating cash flow attributable to the current financial period increased to $43.6 million (2019: $17.9 million), which represents a cash conversion of 112% (2019: 123%).

Tax paid net of refunds in the period was $0.7 million (2019: $1.4 million). The decrease was mainly due to prepayments that were paid in 2019 in France and the United States by Group subsidiaries related to Intego.

Cash spent in the period on capital expenditure of $9.1 million (2019: $67.5 million) mainly comprises $5.8 million for the acquisition of PIA (2019: $64.3 million), $2.5 million (2019: $2.6 million) capitalised development costs and $0.5 million (2019: $0.5 million) purchase of fixed assets.

In October, the Company raised a net amount of $113.2 million by a share placing and paid $72.5 million to buy back shares and settle deferred share considerations of PIA's founders. In addition, the Company paid $1.8 million interest for the Bridge Loan and subsequent bank debt (2019: $NIL) and $3.6 million (2019: $NIL) to repay debt. In total, cash flow from financing activities for the year was $35.8 million (2019: $38.1 million).

Financial position

At 31 December 2020, the Company had cash of $49.9 million (31 December 2019: $8.2 million), net assets of $228.8 million (31 December 2019: $155.0 million) and net cash of $11.1 million (2019: net debt of $32.0 million). At 31 December 2020, trade receivables and contract assets were $4.0 million (31 December 2019: $3.4 million).

Following the acquisition of Webselenese and draw down of the Bridge Loan in March 2021, the adjusted pro forma leverage of the Group is c. x1.6. It is our intention to further decrease the leverage by the end of 2021 and maintain a moderate level of financial indebtedness going forward.

MORAN LAUFER
CHIEF FINANCIAL OFFICER
16 March 2021

Kape prides itself on the strength and talent of its people.

Our People

Our employees are the key to our success hence we constantly invest, improve and explore ways we can provide a holistic environment for our employees globally.

Benefits

Kape strives to provide its employees with the key benefits which will allow our employees to perform at their best.

Training

In the last year, we have accelerated our training programmes across our employees making sure they are up to speed with the latest technologies and tools. As our teams are at the forefront of technology and talent we are great believers in cross-Company knowledge transfer and regularly hold cross-team seminars and sessions.

Together we make the internet a safe and accessible place for everyone

Equality

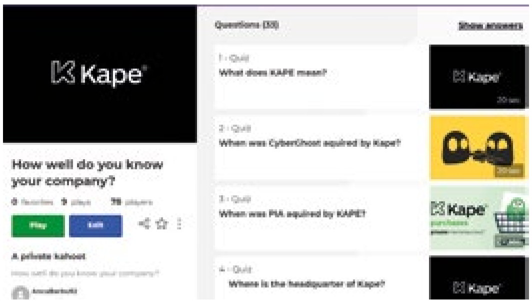
Diversity is key to success; at Kape we have people from all across the world and are continuously striving to grow our diversity in each and every location. The more points of view we have the better we perform.

Wellbeing

The last year was a challenging year for all. Working from home created a new reality for a large part of our employees. At Kape we tried to find ways to support each individual with their own challenge; with ongoing communication to support the mental wellbeing of our employees as well as sending surprises and support to those in need at Kape we found creative ways to keep in touch on a team, country and cross-Company level. Some of these channels are here to stay.

Events

Despite COVID-19 restrictions, we were able to have a number of physical events in between lockdowns as well as virtual events, including online birthday parties and virtual team-building events across the Group.



Stakeholder engagement

Shareholders

- The Chairman, Chief Executive Officer and Chief Financial Officer and other members of the senior management team meet regularly with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations for the Group. Due to the pandemic, many of the meetings during the year were held virtually
- Shareholders also have access to current information about the Group through the Company's website http://investors.kape.com, the financial PR advisor and the Executive Directors who are available to answer investor relation queries

Employees

- Regular meetings are held with staff to ensure that the strategic vision of the Group is realised and to provide a forum for employees to engage in open and confidential dialogue which ensures successful two-way communication with agreement on goals, targets and aspirations of employees
- Holding bi-annual meetings between key employees and the Board, facilitating direct communication between management and all employees through messaging apps and emails and resumption of site visits when travel restrictions are lifted
- Promoting cross Company discussions as well as encouraging involvement of employees in proposing new and innovative project initiatives. This is achieved through cross Company activities as well as regular subject based meetings

Customers

- At Kape, 24/7 customer support is provided for most of our products through a highly experienced in-house customer support team
- Our customers are seen as full partners to the success of our products and so customer surveys are regularly held and the feedback used to improve and update our product offerings

Community and environment

- As a digital business, our environmental footprint is minimal, however improvement is always sought – focusing on only allowing essential air travel, no print and minimal waste
- Improving the efficiency of our infrastructure allowing for a lower environmental footprint while improving the service to our customers

There are a number of potential risks and uncertainties that could have a material impact on the Group's long-term performance and could cause results to differ materially from expected and historical results. The risks to which the business is exposed are set out below:

Risks	Background	Mitigating controls
Regulatory, legislative or self-regulatory developments regarding internet privacy matters could adversely affect the Group's ability to conduct its business.	International regulatory bodies are increasingly focused on online privacy issues and user data protection. In particular, GDPR was approved by the European Union (EU) and it took effect from May 2018. It intends to strengthen and unify data protection for all individuals within the EU. It also addresses the export of personal data outside the EU. The GDPR aims primarily to give control back to citizens and residents over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU.	• All the information that the Group obtains regarding users and their profiling is information that may correspond to a particular person, account or profile, but does not identify, allow contact or enable Kape to locate the person to whom such information pertains. As a consequence, the Group is not regulated by any regulator or subject to any regulatory approval for its day to day operations. • Whilst not externally regulated, the Group adheres to a strict set of controls with its partners. Partners, developers, publishers and vendors are required to comply with these contractually imposed controls, which have been jointly created by the Group and its legal advisors. • The regulation also increases public awareness to the importance of digital privacy which the Company believes was one of the drivers for the digital privacy market growth.
Large and established internet, Antivirus and technology companies may be able to significantly impair the Group's ability to operate.	Large and established internet, Antivirus and technology companies such as Symantec Corporation, Apple, eBay Inc., Facebook, Inc. ('Facebook'), Google and Microsoft, may have the power to significantly change the very nature of the app-distribution and compatibility of our products with operating systems. These changes could materially disadvantage the Group. For example, Amazon, Apple, Facebook, Google and Microsoft have substantial resources and control a significant share of widely adopted industry platforms such as web browsers and mobile operating systems. Changes to their web browsers, mobile operating systems, platforms, exchanges, networks or other products or services could be significantly harmful to the Group's business. Such companies could also seek to replicate all or parts of the Group's business.	• The Group actively monitors the developments of the large and established internet, Antivirus and technology companies to identify any threats that may impair the Group's ability to operate.

Risks	Background	Mitigating controls
If the Group fails to innovate and respond effectively to rapidly changing technology, the Group's solution may become less competitive or obsolete.	To remain competitive, the Group's future success will depend on its ability to continuously enhance and improve its solutions to meet client needs, add functionality to its product portfolio and address technological advancements.	• The Group invests in research and development staff and resources to ensure that the Group's technology platforms are continually enhanced through evolution and innovation. • The Group also invests in acquisitions to expand its technology platforms and adapt to the rapidly changing technology environment.
Failures in the Group's IT systems and infrastructure supporting its solution could significantly disrupt its operations and cause it to lose clients.	In addition to the optimal performance of the Kape Engine, the Group's business relies on the continued and uninterrupted performance of its software and hardware infrastructures. Sustained or repeated system failures of its software and hardware infrastructures, which interrupt its ability to deliver its software products and services quickly and reliably, could significantly reduce the attractiveness of its solution to advertiser clients and publishers, reduce its revenue and affect its reputation. In addition breach of its infrastructure which results in exposure of user data may harm the Group reputation.	• The Group outsources hosting services, holding minimal server infrastructure itself. This allows the Group to flex and grow its operations efficiently. • Kape invests significant resources in research and development relating to its IT infrastructure to make sure it is reliable, efficient and secure.
The Group is a multinational organisation faced with increasingly complex tax issues in many jurisdictions, and it could be obliged to pay additional taxes in various jurisdictions as a result of new taxes, laws or interpretation, including sales taxes, which may negatively affect its business.	As a multinational organisation, operating in multiple jurisdictions such as the Isle of Man, Cyprus, Israel, Romania, Germany, France, Philippines, United States and the United Kingdom, the Group may be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes it pays in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on its liquidity and results of operations.	• The Group uses advisors to review its tax position and ensure compliance with local tax legislation.

Risks	Background	Mitigating controls
Price pressure as a result of competition.	As a company operating in a primarily consumer driven space, price competition is an element the business is exposed to. Competitors might lower their prices or increase their marketing spend and this could affect the business's ability to grow as well as Kape's margins.	• Kape's cost structure is focused on continuously reducing our cost to serve; we have been developing technology on the infrastructure side that allows us to grow substantially without growing our costs, thus allowing us to be more flexible on prices. • Kape has an advantage for scale on the cost side as well as the user acquisition side. New incumbents will find it hard to compete in this space. • We are expanding our vertical integration across our user acquisition operations allowing us to control a growing percentage of our margins • In addition, we operate a multi brand strategy which allows us to capture a wider price range across the competitive landscape.

Risks	Background	Mitigating controls
Availability of funding to support growth and compliance with debt covenants.	In March 2020, the Group secured a new senior term loan and revolving credit facilities of up to $70 million with Citi, Barclays and the Bank of Ireland (the 'Banks'). This loan is subject to a number of debt covenants. As a result of the acquisition of Webselenese in March 2021 the Group increased debt funding through drawing down $85 million under a bridge facility made available by TS Next Level Investments Limited, an affiliate of Unikmind Holdings Limited, Kape's majority shareholder. The Bridge Loan is subordinated to Kape's existing bank facilities and is repayable on 31 December 2021 which may be extended to 30 April 2022 at the sole discretion of Kape. Consent was obtained from the Banks for the existing $40 million term facility and $10 million revolving credit facility to remain in place and available. Under the terms agreed with the Banks, Kape has a period of 90 days to agree a new upsized facility to refinance the Bridge Loan in full, absent which the existing term facility and revolving credit facility will become repayable. In such eventuality, the remaining $35m available under the Bridge Loan will be drawn and, together with Kape's own cash resources for the balance, will be applied to repay the Banks in full.	• The Group operates well within the existing bank debt covenants and ensures regular forecasting to monitor compliance. • In October 2020 the Group completed a $115.5 million fundraise which was oversubscribed and upscaled evidencing the Group's ability to attract investment. • Whilst the Bridge Loan's maximum expiry date is 30 April 2022, the Group was able to obtain consent from the Banks to raise the Bridge Loan, evidencing the Banks' support for the Group's growth strategy. Kape intends to re-finance the Bridge Loan with new facilities from the Banks as soon as practicable. Kape is confident of such refinancing as evidenced by the consent granted for the Banks and the discussions to date.

DON ELGIE
NON-EXECUTIVE CHAIRMAN

Don has many years' experience in marketing services including developing companies organically and by acquisition. Don retired as Group CEO of Creston plc, which was listed on the Main Market of the London Stock Exchange, at the end of March 2014. He founded Creston as a digitally focused communications and insight group in 2001 and built it into an international group which generated £75m revenue, £12m EBITDA and employed over 800 people as at March 2014. Don is Chairman of Kape's Nominations Committee.

IDO ERLICHMAN
CHIEF EXECUTIVE OFFICER

Ido joined Kape Plc in May 2016 as Group Chief Executive Officer. Ido has more than nine years' experience in the technology sector garnered through roles in private equity, consulting and finance. Prior to joining Kape, Ido was acting Joint Chief Executive Officer of VisualDNA (which was acquired by The Nielsen Company) a leading psychographic data business, where he led its geographic expansion and oversaw significant EBITDA growth. Prior to VisualDNA, Ido worked as a Senior Associate within KPMG's Private Equity deal advisory practice in London and as a Senior Manager within KPMG's Transaction Services practice focusing on technology deals in Israel and with the Israeli Ministry of Finance. Ido is the author of the bestselling book 'Battle of Strategies' published in Israel by Yediot Books. Ido is a Certified Public Accountant, having graduated magna cum laude in Accounting and Economics from The Hebrew University of Jerusalem, he also obtained his Master's degree in Law from Bar-Ilan University, and has received an MBA from the University of Cambridge's Judge Business School.

MORAN LAUFER
CHIEF FINANCIAL OFFICER

Moran joined Kape as Group Financial Controller in 2012. He was a key member of the finance team that successfully supported the Group's admission to AIM in September 2014. Prior to joining Kape, Moran was a Divisional Controller at SafeCharge international Ltd (AIM: SCH), a global provider of payments services, technologies and risk management solutions for online and mobile businesses. Previously Moran worked for Ernst & Young as a senior auditor on London Stock Exchange and NASDAQ traded companies primarily focused on the technology sector. Moran is a Certified Public Accountant, who graduated in Accounting and Economics and received an MBA from Tel Aviv University.

DAVID COTTERELL
NON-EXECUTIVE DIRECTOR

David has over 30 years' experience in the information technology software and service sector. He has held senior management roles with firms such as ACT Financial Systems, DST, Advent and SQS Group Plc and has led and successfully integrated many trade sales of technology companies. Between 2006 and 2011 David served as the CEO of UKIISA Region (UK, Ireland, South Africa and India) and as Board Director at SQS Group plc (LSE:SQS). David is a director of David Cotterell Partnership Limited. Additionally, David is Chairman of IT services company Qualitest UK. David is Kape Group's Senior Independent Director and also Chairman of the Company's Remuneration Committee.

MARTIN BLAIR
NON-EXECUTIVE DIRECTOR

Prior to joining the Board of Kape, Martin acted as CFO of Pilat Media Global plc, a company which previously traded on both AIM and the Tel Aviv Stock Exchange and developed, marketed and supported new generation business management software solutions for content and service providers in the media industry. Martin joined Pilat Media in 2001, ahead of its admission to AIM in 2002. Pilat Media was acquired by SintecMedia Ltd for £63.3 million in April 2014. Martin qualified as a chartered accountant with Ernst & Young in 1982 and between 1983 and 1986 worked for PwC. Martin is Chairman of Kape's Audit Committee. Martin is also currently a non-executive director and Chairman of the Audit Committees at Cake Box PLC and Starcom Plc.

PIERRE-ETIENNE LALLIA
NON-EXECUTIVE DIRECTOR

Pierre has 20 years' experience working across the capital markets arena, most recently at Nomura International plc, London, where he spent ten years, latterly as Managing Director in its Acquisition and Leveraged Finance team. Prior to this, Mr Lallia spent over four years with Goldman Sachs International's London-based Bank Debt Portfolio Group. Mr Lallia has extensive experience earlier in his career, working as a lawyer at Shearman & Sterling in New York and Willkie Farr & Gallagher LLP in New York and Paris. Mr Lallia is based in London and is the Managing Director of Globe Invest UK Ltd and the appointed representative of Unikmind Holdings Limited ('Unikmind'), the Company's largest shareholder.

Overview

Three years ago, Kape's Board decided to adopt the Quoted Company Alliance's (QCA) Corporate Governance Code for Small and Mid-Size Quoted Companies ('QCA Code'), the Board believes this is still the relevant code and the Company continues to adhere to that code. The principal means of communicating our application of the Code are this Annual Report and our website (http://investors.kape.com/corporate-governance). As Chairman, I am the custodian of the corporate governance approach adopted by the Board to ensure that the Company has the right people, strategy and culture to deliver success in the medium to long term. Since adopting the QCA Code I have led the Company's application of its ten principles to ensure that the Company's strategy is linked to and supported by its governance arrangements. The remainder of this statement sets out the Company's application of the Code including, where appropriate, cross references to other sections of the Annual Report.

1. Establish a strategy and business model which promote long-term value for shareholders

The strategy and business operations of the Group are set out in the Chairman's Statement on page 4 to 5 and the Chief Executive Officer's Review on pages 10 to 12. The Group's strategy and business model and amendments thereto, are developed by the Chief Executive Officer and the senior management team and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.

The Group's overall strategic objective is to become the leading next generation provider of consumer and SME cybersecurity products.

The Group continues to grow and develop its product portfolio in the growing cybersecurity market, with a focus on consumer cybersecurity. The acquisition of Private Internet Access towards the end of 2019 and the acquisition of Webselense in March 2021 is an illustration of how the Group intends to meet this objective. Along with selecting acquisitions that meet the Group's strategic objectives the Group deploys its financial and other resources towards developing products through internal R&D, as well as growing and strengthening our existing products in the SaaS business model.

The Board believes that this approach will continue to deliver significant long-term value for shareholders through strong share performance and against the Group's key performance indicators which we report on a bi-annual basis. The Board also believes that remaining admitted to trading is of long-term value to shareholders as it offers a combination of access to capital markets, flexibility to make acquisitions, incentives and rewards to management through share schemes, and a regulatory environment appropriate to the size of the Company.

2. Seek to understand and meet shareholder needs and expectations

The Group seeks to maintain a regular dialogue with both existing and potential new shareholders in order to communicate its strategy and progress and to understand the expectations and needs of shareholders. Beyond the Annual General Meeting, the Chairman, Chief Executive Officer and Chief Financial Officer and where appropriate, other members of the senior management team meet regularly with investors (including institutional shareholders) and analysts to actively build the relationship, provide them with updates on the Group's business and to obtain feedback regarding the market's expectations for the Group. Shareholders also have access to current information on the Group through its website http://investors.kape.com/, and via its financial PR advisor and the Executive Directors who are available to answer investor relation queries.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is aware of its corporate social responsibilities and the need to maintain working relationships across a range of stakeholder groups. The Group's operations and working methodologies take account of the requirement to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of members as a whole.

Our employees are the key to our success and therefore regular meetings are held with staff to ensure that the strategic vision of the Group is realised and to provide a forum for employees to engage in open and confidential dialogue and ensure successful two-way communication with agreement on goals, targets and aspirations of employees and the Group. This is done through regular meetings with senior management in our different locations as well as regular email and slack communications. In addition, the Group has now adopted its whistleblowing policies which will be shared with all employees. These feedback processes help to ensure that the Group can respond to new issues and opportunities that arise to further the success of employees and the Group. In addition, there are a range of processes and systems in place with other stakeholders to ensure that there is close oversight and contact with key stakeholders such as our move to 24/7 support for our products and minimum response time, holding a bi annual meeting with key employees and the Board and facilitating direct communications between management and all employees in the form of slack, emails and ongoing site visits. These relationships are addressed at regular Board meetings.

The Group also sees its environmental responsibility in highest regard, as a digital business our environmental footprint is minimal, but we always strive to improve it; focusing on only allowing air travel when required, having strict policies around travelling in basic class to reduce our footprint. In addition, we are constantly improving the efficiency of our infrastructure allowing for a lower environmental footprint while improving the service to our customers.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the scope and effectiveness of these internal controls are reviewed annually, identifying key financial and non-financial risks, risk control measures and the implementation status of risk control measures. The review was presented to the Audit Committee by the Chief Financial Officer. A summary of the principal risks and uncertainties facing the Group, as well as mitigating controls, are set out on pages 26 to 29. All material contracts are required to be reviewed and signed by a senior executive of the Company and reviewed by our General Counsel.

Whilst not externally regulated, the Group adheres to a strict set of controls with its partners. Partners, developers and publishers are required to comply with these contractually imposed controls, which have been jointly created by the Group and its legal advisors.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. Actual results are monitored on a weekly and monthly basis and compared to the yearly budget. In addition, the Group performs quarterly reforecasts for expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured amounts and type of cover are reviewed periodically.

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

For the period, the Board comprised four Non-Executive Directors and two Executive Directors. As part of the Private Internet Access Acquisition Mr Theodore (Ted) Kim, was appointed as Non-Executive Director as representative of Private Internet founders to the Board but formally resigned in November 2020 following the buyback of shares from the founders (see note 14). Mr Pierre-Etienne Lallia was appointed as a Non-Executive Director in January 2021. Mr. Lallia brings extensive experience working across the capital markets arena, having spent much of his career at leading global investment banks.

Mr Lallia is the appointed representative of Unikmind Holdings Limited ('Unikmind'), the Company's largest shareholder.

The Directors' biographies are set out on pages 30 to 31. The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. The Board considers, after careful review, the Non-Executive Directors to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgment.

The Board is responsible for the overall strategy and direction of the Group. It provides robust leadership of the Company within a framework of effective controls which enables risk to be assessed and managed. The Board, in setting the Company's aims, ensures that the necessary financial and human resources are in place to meet its objectives. It regularly reviews management performance on a yearly basis and upholds the Company's values and standards so that its obligations to shareholders and others are understood and met. The Board is supplied with information in a timely manner to enable it to discharge its duties. The Board also reviews arrangements under which employees can raise concerns in confidence about possible improprieties in matters of financial reporting or other areas.

The Board meets at regular scheduled intervals ten times a year and follows a formal agenda. It also meets as and when required. During 2020, all the Directors attended all the Board meetings. No one individual has unfettered powers of decision. The Directors may take independent professional advice at the Group's expense. The Non-Executive Directors normally do not have any day-to-day involvement in the running of the business but are responsible for scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance. All Board members are considered to be able to allocate sufficient time to the Company to discharge their responsibilities as Directors effectively with a minimum of 45 days a year dedicated to fulfil their roles.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board considers that all of the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities. The Directors' biographies are set out on page 30 to 31. The Board considers that the combination of the complementary skills and experience of its Board members provides it with an appropriate balance of sector, financial and public markets skills. The composition of the Board is reviewed regularly to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. The Chairman has a clear and distinct responsibility for running the Board whilst the executive responsibility for running the Company's business was delegated to the Chief Executive Officer.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Board and Committee meetings are scheduled in advance for each calendar year. Additional meetings are arranged as necessary.

The Chairman assesses the individual contributions of each member of the Board to ensure that:
- their contribution is relevant and effective;
- they are committed;
- they understand the business and its strategy;
- where relevant, they have maintained their independence.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in written policies and working practices adopted by all employees in the Group and are shared with each new employee who joins the Group. We strive to create an agile, creative and openminded culture to support our success in a constantly evolving market where time to market and outside of the box thinking is essential for success. We promote cross Company discussions as well as encourage involvement of employees in proposing new and innovative project initiatives. We do that through cross Company activities as well as regular subject based meetings.

The Board believes that diversity is key to the future success of our business, so we have therefore placed an emphasis on monitoring and improving the gender ratio in the Company. We are pleased to report that the percentage of women in the Company is higher this year at 32% (2019: 31%). We firmly believe that part of the Company's success is down to the global and diverse nature of our workforce, and we intend to continue our effort to promote diversity.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Our corporate governance structures and processes are summarised and discussed under the heading 'Role of the Board' on this page.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the activities summarised under the QCA Code principle, 'Seek to understand and meet shareholder needs and expectations' the Company provides information for investors on its website, arranges Investor meetings and maintains contact with institutional shareholders and fund managers. The Company's joint brokers provide independent feedback to the Board on market views and produce regular research notes on the Company. This enables the Board to understand the concerns of shareholders and the wider investment community.

Role of the Board

The Board is responsible for the overall strategy and direction of the Group. It provides robust leadership of the Company within a framework of effective controls which enables risk to be assessed and managed. The Board, in setting the Company's aims, ensures that the necessary financial and human resources are in place to meet its objectives. It regularly reviews management performance and upholds the Company's values and standards so that its obligations to shareholders and others are understood and met.

The Board is supplied with information in a quality form and in a timely manner to enable it to discharge its duties. The Board also reviews arrangements under which employees can raise concerns in confidence about possible improprieties in matters of financial reporting or other areas.

Division of responsibilities

During 2020, the Chairman, Donald (Don) Elgie had a clear and distinctive responsibility of running the Board whilst the executive responsibility of running the Company's business was delegated to the Chief Executive Officer, Ido Erlichman.

As at 31 December 2020, the Board comprised five Directors, three of whom were Non-Executive Directors.

The Non-Executive Directors normally do not have any day-to-day involvement in the running of the business but are responsible for scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance. All Board members are considered to be able to allocate sufficient time to the Company to discharge their responsibilities as Directors effectively.

The Board meets at regular scheduled intervals and follows a formal agenda; it also meets as and when required. No one individual has unfettered powers of decision. The Directors may take independent professional advice at the Group's expense.

Board committees

The Group has an Audit Committee, a Nominations Committee, and a Remuneration Committee, each consisting of three Non-Executive Directors. Each committee has written terms of delegated responsibilities which will be available for review at the end of the Annual General Meeting for 2021 and are available for review in the Investor Relations section of the Group's website www.Kape.com. The Board and its committees are considered to have an appropriate balance of skills, experience, independence, and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

Remuneration Committee

The Remuneration Committee is comprised of David Cotterell (Chair of the Committee), Don Elgie and Martin Blair, all of whom are Non-Executive Directors. It is responsible for making recommendations to the Board on remuneration policy as applied to the Company's Executive Directors. The Remuneration Committee also considers grants of options under the Company's share option schemes. The policy of the Remuneration Committee is to grant share options to employees as part of a remuneration package to motivate them to contribute to the growth of the Group over the medium to long term.

The Chief Executive may, at the Remuneration Committee's invitation, attend meetings except where his own remuneration is discussed. The Remuneration Committee met twice during the past financial year. The Remuneration Committee's terms of reference, which can be found on the Company's website www.Kape.com, are reviewed on an annual basis and updated as required.

The Remuneration Committee Report, which includes details of Directors' remuneration, pension entitlements and Director's interests, together with information on service contracts, is set out on pages 36 to 37.

Audit Committee

The Audit Committee is comprised of Martin Blair (Chair of the Committee), David Cotterell and Don Elgie, all of whom are Non-Executive Directors.

The Committee meets at least twice a year and at other times as agreed between the members of the Committee. In 2020 the Committee met 2 times. Executive Directors and the Group's auditors may be invited to attend all or part of any meetings. The Committee also meets with the Group's external auditors without the presence of the Executive Directors.

The Committee terms of reference, which can be found on the Company's website www.Kape.com, are reviewed on an annual basis and updated as required.

Risk management and internal controls

During the year, the Audit Committee has reviewed the scope and effectiveness of systems to identify and address financial and non-financial risks. The review identified the key risks, risk control measures and the implementation status of the risk control measures. The report was presented to the Committee by the Chief Financial Officer.

Audit of the Group's Annual Report and financial statements

In advance of the audit of the Group's Annual Report and financial statements the Audit Committee reviewed the plans as presented by the Group's external auditor, BDO LLP. The plan set out the proposed scope of work, audit approach, materiality and identified areas of audit risk.

The Audit Committee also reviewed the Annual Report and financial statements along with the audit findings report presented by BDO LLP.

Auditor independence

The Audit Committee monitors the independence of the Group's external auditor. During the year BDO LLP provided the Group with the no non-audit services.

BDO was appointed as auditor of the Group for the year ended 31 December 2013. The Audit Committee will keep under review, in consultation with major shareholders, the decision as to whether to conduct a tender in respect of the audit in line with the recommendations of the Financial Reporting Council.

Nominations Committee

The Nominations Committee is comprised of Don Elgie (Chair of the Committee), Martin Blair and David Cotterell, all of whom are independent Non-Executive Directors. The Committee meets when appropriate and considers the composition of the Board, retirements and appointments of additional and replacement Directors and makes appropriate recommendations to the Board. The objective of the Committee is to review the composition of the Board and to plan for its progressive refreshing, with regard to balance and structure. The Committee is responsible for:

- Reviewing the structure of the Board;
- Evaluating the balance of skills, knowledge, experience and diversity of the Board;
- Advising the Board on any areas where further recruitment may be appropriate; and
- Succession planning for key executives at Board level and below.

Where necessary and appropriate, recruitment consultants are used to assist the Committee in delivering its objectives and responsibilities. The Committee leads the process for the identification and selection of new Directors and makes recommendations to the Board in respect of such appointments. The Committee also makes recommendations to the Board on membership of its committees. The Committee terms of reference, which can be found on the Company's website www.Kape.com, are reviewed on an annual basis and updated as required.

Signed on behalf of the Board by:

DON ELGIE
NON-EXECUTIVE CHAIRMAN
16 March 2021

The Remuneration Committee (for the purpose of the Remuneration Committee report 'the Committee') is comprised of David Cotterell (Chair of the Committee), Don Elgie and Martin Blair all of whom are Non-Executive Directors.

The Directors shall be entitled to receive by way of fees for their services as Directors (in addition to fees paid for employment or executive services) such sum as the Board may from time to time determine, provided that such amount shall not exceed in aggregate £500,000 per annum or such greater sum as the Company in general meeting shall from time to time determine by ordinary resolution. Any fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director.

Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as a Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company.

Directors' emoluments

Directors' emoluments for the 2020 financial year are set in Pounds Sterling. These are set out in the tables below along with the US Dollar equivalent cost to the Company:

Name	Base Salary/Fees GBP£	Benefits GBP£	Pension GBP£	Bonus GBP£	Total GBP£
Ido Erlichman	350,000	50,613	35,000	773,000	1,208,613
Don Elgie	96,000	–	–	–	96,000
David Cotterell	60,000	–	–	–	60,000
Martin Blair	60,000	–	–	–	60,000
Moran Laufer	197,229	6,287	–	580,000	783,516
Ted Kim	278,379	33,298	–	–	311,677

The US Dollar equivalent cost to the Company has been calculated using an average USD/GBP rate of 1.2837.

Name	Base Salary/Fees $	Benefits $	Pension $	Bonus $	Total $
Ido Erlichman	449,295	64,972	44,930	992,300	1,551,497
Don Elgie	123,236	–	–	–	123,236
David Cotterell	77,022	–	–	–	77,022
Martin Blair	77,022	–	–	–	77,022
Moran Laufer	253,183	8,070	–	744,546	1,005,799
Ted Kim	357,355	42,746	–	–	400,101

The beneficial interests of the Directors who held office at 31 December 2020, together with that of persons connected with the Directors, in the share capital of the Company were as follows:

Directors' interests in shares

	2020		2019	
Name	**Percentage of issued share capital**	**Number of ordinary shares**	Percentage of issued share capital	Number of ordinary shares
Ido Erlichman	**0.02%**	**40,000**	0.06%	100,000
Don Elgie	**0.05%**	**107,087**	0.06%	97,087
Martin Blair	**0.01%**	**32,750**	0.01%	19,417
David Cotterell	**0.074%**	**150,544**	0.06%	88,544
Moran Laufer	**0.04%**	**90,667**	0.05%	74,000

Directors' interests in share options

Name	Number of ordinary shares under option at 31 December 2019	Date of grant	Exercise price	**Number of ordinary shares under option at 31 December 2020**
Ido Erlichman	800,000	1 June 2016*	£0.275	**800,000**
	800,000	24 August 2018**	£0.000	**800,000**
Moran Laufer	50,000	5 January 2016*	£0.555	**50,000**
	300,000	26 October 2016*	£0.365	**300,000**
	400,000	24 August 2018**	£0.000	**400,000**

* Vesting schedule: 25% 1 year from date of grant and then in 12 equal quarterly instalments thereafter.

** The Awards vest equally over the three year period from grant, subject to the achievement of certain performance metrics relating to the three financial years of the Company commencing 1 January 2018, as set out below:

	SaaS Revenue Target 50% of Award	**Adjusted EPS Target 25% of Award**	**G&A Target 25% of Award**	**Total Vesting**
FY 2018	25% of total Company revenues	$0.049	The adjusted G&A expenses	**33.33%**
FY 2019	40% of total Company revenues	$0.065	as a proportion of the total revenue of the Company is	**33.33%**
FY 2020	55% of total Company revenues	$0.130	<15% for each financial year	**33.34%**

For the purposes of the above:

- 'SaaS Revenue' means revenues from customer contracts that will renew automatically at the end of their term unless actively terminated by the customer;
- 'Adjusted EPS' means the fully diluted adjusted Earnings Per Share of the Company (as presented in the annual accounts related to each financial year of the Performance Period); and
- 'G&A' means the general and administrative expenses after adjusting for one-off or non-recurring expenses of the Company (as presented in the annual accounts related to each financial year of the Performance Period).

Should the SaaS Revenue, Adjusted EPS or G&A expenses fail to meet these target levels in any of the financial years, the proportion of the Award for that financial year will be lost and will not be capable of vesting for the Executives.

The Awards have been granted as Jointly Owned Equity Awards ('JOE Awards'). The Company will transfer 1,800,000 ordinary shares out of treasury to Intertrust Employee Benefit Trustee Limited as trustee of the Kape Technologies plc Employee Benefit Trust, to be held jointly with the Executives in order to satisfy the proposed JOE Awards. Under the terms of the Awards, the Executives will benefit from the growth in value of their respective Award from the date of grant along with the right to acquire the Trustee's interest by way of a nil cost option in the event that the Awards vest.

Annual bonus

The bonuses for the Executive Directors for 2020 are based on Revenue, Adjusted EBIDTA, Cash conversion and non-financial and strategic objectives. The level of bonus payable by reference to the financial performance of the Company will be determined on a sliding scale based on the Company's budget for the forthcoming financial year.

All targets for 2019 and 2020 were met.

Service contracts

Executive Directors

The service agreements of the Executive Directors are for an indefinite term and provide for formal notice of 12 months for the Chief Executive Director and six months for the Chief Financial Officer to be served to terminate the agreement, either by the Company or by the Director. In addition to their annual salaries, the Executive Directors are entitled to annual pension contributions starting at 1 per cent. as well as other benefits commensurate with their positions including health related benefits.

Non-Executive Directors

Fees for Non-Executive Directors are set with reference to time commitment, the number of committees chaired and relevant external market benchmarks.

The Non-Executive Directors each have specific letters of appointment, rather than service contracts. Non-Executive Directors are appointed for an initial term of three years and, under normal circumstances would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance and re-election at the annual general meeting as required.

DAVID COTTERELL
CHAIRMAN, REMUNERATION COMMITTEE
16 March 2021

The Directors present their annual report on the affairs of the Group, together with the financial statements and independent auditor's report for the year ended 31 December 2020. The Corporate Governance Statement set out on pages 32 to 35 forms part of this report.

The Company's full name is Kape Technologies plc, domiciled in the Isle of Man with company number 011402V. Kape Technologies plc is a public listed company, listed on the AIM market of the London Stock Exchange ('AIM').

Principal activity
Kape develops and distributes a variety of digital products in the online security space. The Company utilises its proprietary digital distribution technology to optimise its reach and distribute its software products to consumers. The Company offers products which provide online security, privacy and optimisation tools for the consumer system. A detailed overview of the Group's activities is set out on pages 2 to 12.

Review of business and future developments
Details of the Group's performance during the year under review and expected future developments are set out in the Chairman and Chief Executive Officer statements on pages 4 to 12. A description of the principal risks and uncertainties facing the Group is set out on pages 26 to 29.

Dividends
The Directors do not recommend the payment of a dividend (2019: $nil). The declaration and payment by the Company of any future dividends on the ordinary shares will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

The Board recognises the importance of dividend income to shareholders and intends to adopt, at the appropriate time, a progressive dividend policy to reflect the expectation of future cash flow generation and long term earnings potential of the Company. However, it is not the current intention of the Board to declare any dividends in the near term. The Board may revise the Company's dividend policy from time to time in line with the actual results of the Company.

The Directors who served during the period were as follows:

Ido Erlichman	Active
Donald (Don) Elgie	Active
David Cotterell	Active
Martin Blair	Active
Moran Laufer	Active
Ted Kim	Resigned – November 2020

Re-election of Directors
The articles of association require that at each Annual General Meeting one third of the Directors (excluding any Director who has been appointed by the Board since the previous Annual General Meeting) or, if their number is not an integral multiple of three, the number nearest to one third but not exceeding one third shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation one shall retire).

Any Director who is not required to retire by rotation but who has been in office for three years or more since his appointment or his last re appointment or who would have held office at not less than three consecutive Annual General Meetings of the Company without retiring shall retire from office.

Appointment of a Director
The articles of association require that any Director appointed by the Board shall, unless appointed at such meeting, hold office only until the dissolution of the Annual General Meeting of the Company next following such appointment.

Directors' responsibility statement
The statement of Directors' responsibility is set out on page 40.

Directors' indemnities
The Directors have been granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of their office which remains in force at the date of this report.

Employee policies
At the 31 December 2020, the Group employed 364 people, (31 December 2019: 398 people). The Group is committed to attracting and retaining personnel with the requisite technical skills and experience to implement its growth strategy and maintain its position in the competitive industry in which it operates. Kape therefore places significant emphasis on ensuring that it has a strong recruitment team as well as appropriate remuneration and bonus policies which are set by reference to appropriate objectives and include share based incentive schemes, details of which are set out in note 16 to the financial statements.

Financial instruments
The Group does not currently use derivative financial instruments. A summary of the Group's financial instruments, changes in share capital and related disclosures are set out in notes 14 and 15 to the financial statements. The Group has no material exposure to price, liquidity, or cash flow risk that would impact its objectives.

Capital structure
Under the IOM Companies Act, the Company is not required to have an authorised share capital. The ordinary shares in issue at 31 December 2020 have been created pursuant to the BVI Companies Act and the articles of association of the Company in place prior to the re-domiciliation of the Company from the BVI to the IOM on 13 August 2014 and are ordinary shares of USD 0.0001 par value.

Details of the issued share capital as at 31 December 2020 of 222,297,719 ordinary shares of USD $0.0001 par value, together with details of the movements in the Company's issued share capital during the year are shown in note 14 to the financial statements. The Company has one class of ordinary shares, which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation. Save as provided by the terms of certain lock-in agreements entered into between the Company, the Directors and certain shareholders, the Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

As at 31 December 2020 the Company held 9,713,857 shares in treasury and 1,200,000 are held by Intertrust Employee Benefit Trustee Limited as trustee of the Kape Technologies plc Employee Benefit Trust. No other shares in the capital of the Company are held by or on behalf of the Company or by any of the Company's subsidiaries.

Details of employee share schemes are set out in note 16 to the financial statements.

Related party transactions

Details of all related party transactions are set out in note 21 to the financial statements.

Research and development

The Group maintains an integrated global research and development team which has a staff of 102 (2019: 102). In the opinion of the Directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth. The amount of research and development costs capitalised in the year was $2,544,000 (2019: $2,620,000).

Going concern

The Directors, having considered the Group's resources financially and the associated risks with doing business in the current economic climate, believe the Group is capable of successfully managing these risks. The Board has reviewed the cash flow forecast and business plan as provided by management which includes the rate of revenue growth, margins and cost control as well as forecast debt covenants.

In March 2020, the Group secured a new senior term loan and revolving credit facilities of up to $70 million with Citi, Barclays and the Bank of Ireland (the 'Banks').

As a result of the acquisition of Webselenese in March 2021 the Group increased debt funding through drawing down $85 million under a bridge facility made available by TS Next Level Investments Limited, an affiliate of Unikmind Holdings Limited, Kape's majority shareholder. The Bridge Loan is subordinated to Kape's existing bank facilities and is repayable on 31 December 2021 which may be extended to 30 April 2022 at the sole discretion of Kape.

Consent was obtained from the Banks for the existing US$40 million term facility and US$10 million revolving credit facility to remain in place and available. Under the terms agreed with the Banks, Kape has a period of 90 days to agree a new upsized facility to refinance the Bridge Loan in full, failing which, the existing term facility and revolving credit facility will become repayable. In such eventuality, the remaining US$35m available under the Bridge Loan will be drawn and, together with Kape's own cash resources for the balance, will be applied to repay the Banks in full.

Whilst the Bridge Loan's maximum expiry date is 30 April 2022, the Directors' were able to obtain consent from the Banks to raise the Bridge Loan, evidencing the Banks support for the Group's growth strategy. The Directors intend to re-finance the Bridge Loan with new facilities from the Banks as soon as practicable. The Directors are confident of such refinancing as evidenced by the consent granted for the Banks and the discussions to date.

As such, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Annual General Meeting

The Annual General Meeting for 2021 will be held on 20 May 2021 at 12 noon. The notice convening the Annual General Meeting for this year, and an explanation of the items of non-routine business are set out in the circular that accompanies the Annual Report.

Auditor

A resolution to reappoint BDO LLP as the Company's auditor will be proposed at the 2021 Annual General Meeting.

Each of the persons who are Directors at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed on behalf of the Board by:

DON ELGIE
NON-EXECUTIVE CHAIRMAN
16 March 2021

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Isle of Man company law does not require the Directors to prepare financial statements for each financial year, however the Group is required to do so to satisfy the requirements of the AIM Rules for Companies. Under company law, when preparing the financial statements, the Directors are required to prepare the Group financial statements in accordance with an appropriate set of generally accepted accounting principles or practice. The Directors have elected to use International Financial Reporting Standards (IFRSs) as issued by the IASB.

Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 (revised) requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that correctly explain the transactions of the Company, enable the financial position of the Company to be determined with reasonable accuracy at any time and allow financial statements to be prepared. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The Directors' responsibility also extends to the continued integrity of the financial statements contained therein.

Signed on behalf of the Board by:

DON ELGIE
NON-EXECUTIVE CHAIRMAN
16 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAPE TECHNOLOGIES PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

We have audited the financial statements of Kape Technologies plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Obtained an understanding of the management process for producing cash forecasting models, including the review of the inputs and assumptions used in those models;
- Obtained management's board approved budget and forecast cash flows, covenant compliance forecasts and management's sensitivity analysis;
- Critically evaluating the revenue and cost projections underlying the model with reference to market information as well as past performance of the Group.
- Comparing forecast sales with recent historical financial information to consider accuracy of forecasting.
- Understanding and challenging the forecasts for the Group including underlying assumptions in the forecasts.
- Reviewing legal agreements for the availability of the Group's debt arrangements, including consideration of expiration dates and interest and capital repayments in the forecast period and the headroom in forecast covenant calculations.
- Performing analysis of changes in key assumptions including a reasonable possible (but not unrealistic) reduction in forecast revenue to understand the sensitivity in the cash flow forecasts.
- A review of the appropriateness Directors' statement in note 1 of the financial statements as to whether it discloses all the relevant events and assumptions made to adopt the going concern basis of accounting in preparation of the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	73% (2019: 77%) of Group profit before tax 91% (2019: 89%) of Group revenue 85% (2019: 98%) of Group total assets		
Key audit matters		2020	2019
	Revenue recognition and contract costs	✔	✔
	Capitalisation of development costs	✔	
	Business combinations		✔
	Business combinations is not considered a key audit matter doe the year ended 31 December 2020 as the Group did not complete any business combinations in the year.		
Materiality	**Group financial statements as a whole** $697,000 (2019: $637,000) based on 5% of consolidated profit before tax, adjusted for exceptional and non-recurring costs (2019: 1% of revenues)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We instructed BDO's member firm in Romania as component auditor, to perform a full scope audit of financial information of CyberGhost SRL, the significant component accounted for locally in that territory.

In addition, the Group audit team performed the full scope audit of the two remaining significant components Private Internet Access Inc. and Reimage Limited. The Group audit team also performed specified audit procedures over revenue for Intego Inc. to provide additional coverage and due to the qualitative risks within the revenue cycle for this entity. The accounting for these entities is based on Cyprus and the Group audit team conducted the audits remotely due to the travel restrictions imposed as a result of the global pandemic.

This together with the additional procedures performed at Group level over the consolidation process gave us the evidence we needed for our opinion on the financial statements as a whole.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Group instructions were issued to the component auditor detailing procedures and the risk assessment together with the allocated component materiality thresholds.
- We conducted numerous video and conference calls throughout the audit period to ensure we obtained a full understanding of the operational activities and appropriately scoped risks and agreed responses to those risks.
- We also attended the audit planning, update and clearance meetings.
- We reviewed the work undertaken by our component auditor by reviewing their working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition and contract costs The Group derives revenue from the sale of products to customers. These products are sold individually and in software bundles and revenue is recognised at either a point in time or over time, depending on when the performance obligation is satisfied. Our specific audit focus was the timing of revenue recognition and the allocation of the transaction price to individual performance obligations within a software bundle. Assessment of when a performance obligation is satisfied can be judgemental in nature and increases the risk in relation to the timing of revenue recognition. Risk related to allocation of the transaction price to individual performance obligations in a software bundle is subject to assessment of the standalone selling price and this increases the risk of revenue recognition. Additionally, the Group recognises costs to obtain and fulfil a contract as contract assets. There is judgement surrounding the costs that meet the capitalisation criteria and the assessment as to whether the proceeds from the customer over the expected relationship period exceed the costs to obtain the contract. Finally, there is judgement in relation to the period over which the contract asset is amortised based on the expected relationship	We evaluated the revenue recognition policy of the Group and, on a sample basis, we determined that the revenue had been recognised in conformity with the Group's policy and applicable IFRSs. For a sample of transactions through the year we confirmed their occurrence by tracing to source documentation such as third party payment processor reports or to bank. We also verified that the performance obligation had been satisfied by agreeing to evidence within supporting IT systems. We performed procedures including recalculations of contract liabilities at the year-end based on the contract dates in order to check that the revenue has been recognised in the appropriate period. For those contracts spanning the year end, a sample of the balances deferred were recalculated. We also assessed the treatment of individual contracts being treated as a portfolio of contracts and revenue recognised from the 1st of the month for all contracts entered into in a month, as permitted by the accounting guidance. We assessed management's process to conclude that it reasonably expects such a treatment would not differ materially from applying recognition to the individual contracts. We assessed the basis upon which performance obligations were recognised for each material product sold and compared this to accounting guidance, industry practice, and the Group's specific circumstances and, where necessary, we obtained corroborating information to support delivery either over time or at a point in time. For software sold in bundles, we tested the allocation of the transaction price of individual performance obligations to underlying support for the standalone selling price of these products. We tested a sample of the transaction prices back to supporting documentation such as standalone prices identifiable via current or historic sales or by reference to market prices for similar products. In relation to contract assets recognised from costs to obtain and fulfil a contract, we tested a sample of capitalised customer acquisition costs back to the incremental amounts paid. Such costs related to direct marketing to obtain the customer or order fulfilment costs. We checked that such costs met the definition of contract costs per the accounting standard. We assessed the length of time over which contract assets are amortised based upon evidence of expected customer life, which exceeds the initial licence length. We also generated an expectation of the amortisation of the contract asset recognised in the year to ensure the calculation used by management was appropriate. We also obtained customer churn rates to ensure amounts capitalised in previous years were not impaired. **Key observations** There were no material issues identified by our testing of revenue recognition and contract costs in the year.

Key audit matter	How the scope of our audit addressed the key audit matter
Capitalisation of development costs The Group capitalises costs in relation to development of the software it sells to customers. Such costs must satisfy certain criteria as set out in the Group's accounting policy in note 2 to the financial statements and in IAS 38 intangible assets. In determining which costs to capitalise management make certain estimates in relation to the allocations of contractor costs and payroll costs between those which should be capitalised and those which should be expensed through the consolidated statement of comprehensive income. In accordance with IAS 38, management's policy is to capitalise development expenditure on internally developed software products if the project is technically feasible, it intends to complete and sell the software, it will generate future economic benefits and it can be measured reliably. Because of the estimates involved we considered this area to be a key audit matter.	In order to address this risk, we performed the following testing: • Discussions were held with the Group's technology team to understand the Group's processes, procedures and material projects in relation to development costs. • On a sample basis, we checked the accuracy of the contractor and payroll data included in the calculations for capitalised costs by agreeing to supporting documentation including employment contracts and agreements with contractors. • We evaluated management's estimate of the amortisation period for capitalised costs and we assessed whether for amounts previously capitalised if any indicators of impairment existed taking account of discussions with technology team, knowledge of product sales and any changes in usability. • We critically evaluated management's assessment of the ability of the asset to generate future economic benefits for the business. • We re-performed the calculation of the amortisation charge for capitalised development and compared this to the actual charge. **Key observations:** Based on the procedures performed, we noted no instances indicating that the accounting for development costs, including the calculation of the related amortisation charge and the evaluation of impairment was inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2020 $'000	2019 $'000
Materiality	**697**	637
Basis for determining materiality	5% of consolidated profit before tax, adjusted for exceptional and non-recurring cost	Approximately 1% of revenues
Rationale for the benchmark applied	Profit before tax has been determined to be the most relevant performance measure to the stakeholders of the Group given the Group is now more established and the directors' focus on profitable growth.	Revenue was the most relevant performance measure to the stakeholders of the Group given the Directors' focus on expansion and growth of customer numbers.
Performance materiality	**523**	478
Basis for determining performance materiality	75% of Group materiality based on our understanding of the Group, risk assessment procedures and the nature and extent of misstatements identified in previous audits and the expectations in relation to misstatements in the current period.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 36% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $252,000 to $630,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $33,430 (2019: $32,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those than relate to the reporting framework, the Isle of Man Companies Act 2006 and the AIM rules and data privacy and the relevant tax regulations.
- We understood how the Group is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered there was a susceptibility to fraud.
- Our audit planning identified fraud risks in relation to management override and risk of fraud in revenue recognition which has been assessed as a Key Audit Matter above. We considered the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors that processes and controls.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business; enquiries with in-house Legal and Group Management; and focused testing as referred to in the Key Audit Matters section above.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with our engagement letter dated 28 January 2021. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed..

LEIGHTON THOMAS
FOR AND ON BEHALF OF BDO LLP,
CHARTERED ACCOUNTANTS
London, UK
16 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Revenue	3,4	**122,212**	66,060
Cost of sales		**(16,172)**	(7,525)
Gross profit		**106,040**	58,535
Selling and marketing costs	3c	**(49,112)**	(33,124)
Research and development costs		**(6,332)**	(3,349)
Management, general and administrative costs		**(19,478)**	(11,514)
Depreciation and amortisation	9,10,22	**(20,097)**	(6,314)
Other operating expenses		**(313)**	(91)
Total operating costs		**(95,332)**	(54,392)
Operating profit	5	**10,708**	4,143
Adjusted EBITDA	5	**38,973**	14,559
Employee share-based payment charge	16	**(1,232)**	(1,680)
Other operating expenses		**(313)**	(91)
Exceptional or non-recurring costs	5	**(6,623)**	(2,331)
Depreciation and amortisation	9,10,22	**(20,097)**	(6,314)
Operating profit		**10,708**	4,143
Finance income		**–**	300
Finance costs	7	**(3,382)**	(1,644)
Profit before taxation		**7,326**	2,799
Tax charge	8	**22,343**	(314)
Profit from continuing operations		**29,669**	2,485
Loss from discontinued operations (attributable to equity holders of the Company)	20	**(792)**	(465)
Profit for the year		**28,877**	2,020
Other comprehensive income:			
Items that may be reclassified to profit and loss:			
Foreign exchange differences on translation of foreign operations		**(6)**	(81)
Total comprehensive Income for the year		**28,871**	1,939
Total profit/(loss) for the year attributable to Owners of the parent:			
Continuing operations		**29,669**	2,485
Discontinuing operations		**(792)**	(465)
		28,877	2,020
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	17	**15.0**	1.4
Diluted earnings per share (cents)	17	**14.4**	1.3
Earnings per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	17	**15.4**	1.7
Diluted earnings per share (cents)	17	**14.8**	1.7
Earnings per share from discontinued operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	17	**(0.4)**	(0.3)
Diluted earnings per share (cents)	17	**(0.4)**	(0.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Non-current assets			
Intangible assets	9	**227,949**	242,864
Property, plant and equipment	10	**1,375**	2,351
Right-of-use assets	22	**4,006**	2,985
Deferred consideration	20,27	**–**	446
Deferred contract costs	3c	**31,080**	16,542
Deferred tax asset	8	**6,282**	2,180
		270,692	267,368
Current assets			
Software licence inventory		**128**	96
Deferred contract costs	3c	**21,454**	12,798
Deferred consideration	20,27	**–**	346
Trade and other receivables	11	**8,884**	6,687
Cash and cash equivalents	12	**49,912**	8,211
		80,378	28,138
Total assets		**351,070**	295,506
Equity			
Share capital		**22**	16
Additional paid in capital		**273,358**	153,002
Share to be issued		**1,350**	56,499
Foreign exchange differences on translation of foreign operations		**772**	778
Retained earnings		**(46,746)**	(55,291)
Total equity		**228,756**	155,004
Non-current liabilities			
Contract liabilities	3b	**7,463**	6,013
Deferred tax liabilities	8	**2,640**	22,102
Long term lease liabilities	22	**1,975**	1,753
Deferred and contingent consideration	27	**407**	14,578
Provisions	25	**679**	–
Loans and Borrowings	23	**29,619**	–
		42,783	44,446
Current liabilities			
Trade and other payables	13	**22,468**	17,805
Provisions	25	**721**	–
Current tax liability	8	**3,188**	2,591
Loans and Borrowings	23	**7,117**	–
Shareholder loan	21c,23	**–**	40,221
Contract liabilities	3b	**29,131**	29,299
Short term lease liabilities	22	**2,572**	1,365
Deferred and contingent consideration	27	**14,334**	4,775
		79,531	96,056
Total equity and liabilities		**351,070**	295,506

The financial statements were approved by the Board and authorised for issue on 16 March 2021.

IDO ERLICHMAN
CHIEF EXECUTIVE OFFICER

MORAN LAUFER
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital $'000	Additional paid in capital $'000	Share to be issued $'000	Foreign exchange differences on translation of foreign operations $'000	Retained earnings $'000	Total $'000
At 1 January 2019	15	131,091	–	859	(58,991)	72,974
Profit for the year	–	–	–	–	2,020	2,020
Other comprehensive income:						
Foreign exchange differences on translation of foreign operations	–	–	–	(81)	–	(81)
Total comprehensive profit for the year	–	–	–	(81)	2,020	1,939
Share-based payments	–	–	–	–	1,680	1,680
Exercise of employee options (note 14)	*	255	–	–	–	255
Issue of equity share capital (note 19)	1	21,656	–	–	–	21,657
Deferred share consideration (note 19)	–	–	56,499	–	–	56,499
At 31 December 2019	16	153,002	56,499	778	(55,291)	155,004
At 1 January 2020	**16**	**153,002**	**56,499**	**778**	**(55,291)**	**155,004**
Profit for the year	**–**	**–**	**–**	**–**	**28,877**	**28,877**
Other comprehensive income:						
Foreign exchange differences on translation of foreign operations	**–**	**–**	**–**	**(6)**	**–**	**(6)**
Total comprehensive profit for the year	**–**	**–**	**–**	**(6)**	**28,877**	**28,871**
Transactions with owners:						
Share based payments	**–**	**–**	**–**	**–**	**1,232**	**1,232**
Exercise of employee options (note 14)	*****	**2,952**	**–**	**–**	**–**	**2,952**
Issue of equity share capital (note 14)	**6**	**113,213**	**–**	**–**	**–**	**113,219**
Issue of equity share capital of deferred share consideration (note 27)	**–**	**4,191**	**(4,191)**	**–**	**–**	**–**
Buy-back of deferred share consideration (note 14)	**–**	**–**	**(50,958)**	**–**	**(1,730)**	**(52,688)**
Share buy-back (note 14)	**–**	**–**	**–**	**–**	**(19,834)**	**(19,834)**
At 31 December 2020	**22**	**273,358**	**1,350**	**772**	**(46,746)**	**228,756**

* amounts below one thousand

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020 $'000**	2019 $'000
Cash flow from operating activities			
Profit for the year after taxation		**28,877**	2,020
Adjustments for:			
Amortisation of intangible assets	9	**17,730**	4,784
Amortisation of right-to-use assets	22	**1,707**	1,177
Depreciation of property, plant and equipment	10	**660**	353
Loss on sale of property, plant and equipment	10	**271**	57
Loss on sale of right-to-use assets	22	**53**	–
Profit on sale of intangible assets	9	**(27)**	–
Tax charge	8	**(22,343)**	314
Interest income		**–**	(300)
Interest expenses, fair value movements on deferred consideration	7,27	**3,997**	814
Share based payment charge	16	**1,232**	1,680
Interest received		**–**	300
Unrealised foreign exchange differences		**(114)**	143
Operating cash flow before movement in working capital		**32,043**	11,342
Decrease/(Increase) in trade and other receivables		**(1,734)**	374
Increase in software licences inventory		**(32)**	(44)
Increase in trade and other payables		**5,483**	1,824
Increase in provision	25	**1,396**	–
Increase in deferred contract costs		**(23,194)**	(16,928)
Increase in contract liabilities		**1,282**	2,075
Cash Inflow/(outflow) from operations		**15,244**	(1,357)
Tax paid net of refunds		**(712)**	(1,416)
Cash generated/(used in) from operations		**14,532**	(2,773)
Cash flow from investing activities			
Purchase of property, plant and equipment	10	**(536)**	(518)
Proceeds from sale of property, plant and equipment	10	**11**	7
Intangible assets acquired	9	**(376)**	(2)
Disposal of intangible assets	9	**132**	–
Cash paid on business combination, net of cash acquired	19	**(5,777)**	(64,324)
Capitalisation of development costs	9	**(2,544)**	(2,620)
Net cash used in investing activities		**(9,090)**	(67,457)
Cash flow from financing activities			
Repurchase of employee share options	27	**–**	(880)
Payment of leases	22	**(1,836)**	(1,246)
Proceeds from shareholder loan	21,23	**–**	40,000
Proceeds from loans	23	**40,000**	–
Proceeds from RCF	23	**1,654**	–
Debt issuance costs	23	**(1,723)**	–
Repayment of interest on shareholder loan	23	**(1,155)**	–
Repayment of shareholder loan	23	**(40,000)**	–
Repayment of interest on loan	23	**(658)**	–
Repayments of long-term loan	23	**(3,636)**	–
Payment of deferred shares consideration	14	**(52,688)**	–
Payment of purchase of own shares	14	**(19,834)**	–
Proceeds from issuance of shares, net of transaction costs	14	**113,219**	–
Proceeds from exercise of options by employees	14	**2,431**	255
Net cash generated from financing activities		**35,774**	38,129
Net increase/(decrease) in cash and cash equivalents		**41,216**	(32,101)
Revaluation of cash due to changes in foreign exchange rates		**485**	(93)
Cash and cash equivalents at beginning of year		**8,211**	40,405
Cash and cash equivalents at end of year	12	**49,912**	8,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Basis of preparation

The financial information provided is for Kape Technologies Plc ('the Company' or 'Kape') and its subsidiary undertakings (together the 'Group') in respect of the financial years ended 31 December 2020 and 2019. The Company is incorporated in the Isle of Man.

The financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 2.

Going concern

The Directors, having considered the Group's resources financially and the associated risks with doing business in the current economic climate, believe the Group is capable of successfully managing these risks. The Board has reviewed the cash flow forecast and business plan as provided by management which includes the rate of revenue growth, margins and cost control as well as forecast debt covenants.

In March 2020, the Group secured a new senior term loan and revolving credit facilities of up to $70 million with Citi, Barclays and the Bank of Ireland (the 'Banks').

As a result of the acquisition of Webselenese in March 2021 the Group increased debt funding through drawing down $85 million under a bridge facility made available by TS Next Level Investments Limited, an affiliate of Unikmind Holdings Limited, Kape's majority shareholder. The Bridge Loan is subordinated to Kape's existing bank facilities and is repayable on 31 December 2021 which may be extended to 30 April 2022 at the sole discretion of Kape.

Consent was obtained from the Banks for the existing $40 million term facility and $10 million revolving credit facility to remain in place and available. Under the terms agreed with the Banks, Kape has a period of 90 days to agree a new upsized facility to refinance the Bridge Loan in full, absent which the existing term facility and revolving credit facility will become repayable. In such eventuality, the remaining $35m available under the Bridge Loan will be drawn and, together with Kape's own cash resources for the balance, will be applied to repay the Banks in full.

Whilst the Bridge Loan's maximum expiry date is 30 April 2022, the Directors were able to obtain consent from the Banks to raise the Bridge Loan, evidencing the Banks support for the Group's growth strategy. The Directors intend to re-finance the Bridge Loan with new facilities from the Banks as soon as practicable. The Directors are confident of such refinancing as evidenced by the consent granted for the Banks and the discussions to date.

As such, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Adoption of new and revised standards

New standards impacting the Group that were adopted in the annual financial statements for the year ended 31 December 2020, and which have given rise to changes in the Group's accounting policies are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- IFRS 7, IFRS 9 and IAS 39 (Amendment – Interest Rate Benchmark Reform)
- Revised Conceptual Framework for Financial Reporting

The adoption of these standards did not have a material impact on the Group's financial statements.

1 Basis of preparation continued

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

- IAS 37 (Amendment Onerous Contracts – Cost of Fulfilling a Contract) – clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendment is effective for annual reporting periods beginning on or after 1 January 2022. The Group is currently assessing the potential impact of this amendment on its financial statements, however, such impact if any, is not expected to be material.
- In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Group is currently assessing the potential impact of this amendment on its financial statements, however, such impact if any, is not expected to be material.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on its financial statements.

2 Significant accounting policies

Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the parent company Kape Technologies Plc and the financial statements of the subsidiaries as shown in note 18 of the consolidated financial statements.

The financial statements of all the Group companies are prepared using uniform accounting policies. All transactions and balances between Group companies have been eliminated on consolidation.

Business combinations and goodwill

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

Contingent consideration that is classified as an asset or a liability is initially recognised at fair value and subsequently at fair value thorough profit or loss as appropriate.

Deferred cash consideration is measured initially at fair value and subsequently at amortised cost.

Deferred share consideration that is classified as an equity instrument, is measured at the date of the recognition at fair value using the share price at the acquisition date adjusted for the time value of money and lack of marketability, if needed.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Any provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments and are applied on a retrospective basis with comparative prior periods revised in subsequent financial statements to include the effect of those adjustments. The measurement period does not exceed 12 months from the acquisition date.

Foreign currencies

(a) Presentational currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which each entity of the group operates (the 'functional currency'). The financial statements are presented in United States Dollars ($000).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Exchange rates gains and losses are recognised net within Finance cost.

(c) Consolidation

The functional currency of the Company, and the presentation currency for the consolidated financial statements is United States Dollars. For the purpose of the consolidated financial statements, the assets and liabilities of the Group's foreign operations with a functional currency other than United States Dollars are translated into United States Dollars using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the exchange rates at the dates of the transactions. Exchange differences arising, if any, are recognised within other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

The majority of the Group revenue is derived from sales of products to customers in a B2C model.

- The CyberGhost, Zenmate, Private Internet Access, Intego VirusBarrier and Intego ContentBarriar products are SaaS products which contain one performance obligation that is satisfied over time. Since the service is being provided evenly across the contract period, revenue is recognised on a straight-line basis. All payments from customers are received upfront. Some of these contracts' term are greater than one year, mostly for 24 and 36 months. The Company determined that the upfront payments are for reasons other than providing a financing benefit to the Company and thus there are no significant financing components in its contracts. The following factors were considered in the analysis:
  - The intent of the payment terms that require all payments in advance is to retain the customers, and to make it economically unlikely for them to stop using the Company's services.
  - The Company has no need for financing, and it charges its customers with an upfront payment, since otherwise it would incur high administration costs related to renewals and collection of payments.
  - An upfront payment of the entire consideration is in accordance with the typical payment terms in the industry.
- The Reimage PC, Restoro and DriverFix products contain three performance obligations: one-time repair, unlimited use of the repair software for one year and technical support for one year. Revenue for performing the one-time repair obligation is recognised at the time of the sale. For one year package of the Reimage, Restoro and DriverFix products, customers benefit from the use of the repair software and technical support for one year, revenues are recognised in line with the pattern of usage of the products and technical support.
- Revenue from the sale of Intego Mac Washing Machine, NetBarrier and Backup products is recognised at the time of the sale as the customer is able to use the products independently without any additional resources of the Company.
- The Company also offers its products for sale as a bundle. For software bundles, the Company allocates revenue to each of the performance obligations based on their relative standalone selling price. The standalone selling prices are determined based on the prices charged to customers who acquire software packages individually or by reference pricing for similar products sold in the market.

Given the B2C nature of the business and the high volume of contracts with multiple start dates, the Company applies the practical expedient to treat these as a portfolio of contracts (or performance obligations) with similar characteristics to recognise revenue from the beginning of the month for all contracts. The Company has concluded it is reasonably expected that the effects on the financial statements of applying a portfolio approach will not differ materially from applying revenue recognition to the individual contracts.

Customers are provided with a 30-60 day refund period in which they can receive a full refund. Historical experience allows management to estimate the value of products that will be returned which are not material to the Group and a refund liability has therefore not been recognised.

2 Significant accounting policies continued

Principal versus agent considerations

When the Company is involved in providing other parties' products to a customer, the Company determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. To determine the nature of its promise, the Company shall:

- identify the specified goods or services to be provided to the customer (which, for example, could be a right to a good or service to be provided by another party); and
- assess whether it controls each specified good or service before that good or service is transferred to the customer. The Company is a principal if it controls the specified good or service before that good or service is transferred to a customer. The following factors are considered in the analysis:
  - The entity which is primarily responsible for fulfilling the promise to provide the specified product.
  - If the Company has inventory risk before the specified good or service has been transferred to a customer, or after transfer of control to the customer.
  - The Company has discretion in establishing the prices for the specified product.

When the Company is a principal, the revenues are recognised in the gross amount in profit and loss while as an agent the revenues are recognised on a net basis in profit and loss.

Costs to obtain and fulfil a contract

Incremental costs of obtaining a contract are those costs that the entity would not have incurred if the contract had not been obtained (for example, sales commissions). The Company recognises an asset in relation to marketing costs to obtain a contract. The costs include fees paid to marketing partners on behalf of subscription sales of the Group Digital Security and Digital Privacy products to customers referred by the partners. The Company believes that the costs are recoverable as the proceeds from the customer over the expected relationship period exceed the costs to obtain the contract. The asset is amortised through the selling and marketing costs as the Company expects to recover the cost over the expected relationship period with the customer which includes the initial contract period and expected renewals. The expected relationship period with the customer is estimated based on historical contract renewals data. The asset is amortised over the expected customer life on a systematic basis at the same rate as the expected revenue recognition from the customer which derive from period of 1-month up to 36 months.

In addition, the Company recognised an asset for fulfilment costs that are considered directly attributable in fulfilling a contract. The fulfilment costs are comprised of payment processing and order fulfilment fees paid to third party processing service providers. This asset is amortised through the cost of sales on a systematic basis over the initial contract period at the same rate as the revenue recognised from the contract.

Assets recognised from the costs to obtain or fulfil a contract are subject to impairment testing. An impairment loss should be recognised in profit or loss to the extent that the carrying amount of an asset exceeds:
(a) The remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates, less
(b) The costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Intangible assets

Amortisation for all classes of intangible assets is included within Depreciation and amortisation costs in the income statement.

(a) Externally acquired intangible assets

Externally acquired intangible assets comprise intellectual property ('IP'), customer lists, trademarks and internet domains. All such intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Where intangible assets are acquired as part of a business combination they are recorded initially at their fair value.

The Company amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- Intellectual Property: 3 to 8 years
- Trademarks: 5 to 12 years
- Customer Lists: 4 to 5 years

Internet domains are generally considered to have an indefinite useful economic life. They are purchased due to the marketability of the related domain name, are not specific to a particular product, brand, market or service and therefore are not expected to diminish in value or use as a function of time.

Cryptocurrencies are generally considered to have an indefinite useful economic life. Cryptocurrencies are digital tokens or coins based on blockchain technology, such as Bitcoin. They currently operate independently of a central bank and are intended to function as a medium of exchange.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(b) Internally-generated intangible assets (development costs)

An internally-generated intangible asset arising from the Group's e-business development is recognised only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives, which is 2 to 3 years. Amortisation commences when the asset is available for use.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

(c) Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life:

- Computer equipment: 2-3 years
- Furniture, fixtures and office equipment: 6-15 years
- Leasehold improvements: 10 years or the term of the lease if shorter
- Cars: 4-5 years

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss in the year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property, plant and equipment and internally generated intangible assets

Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units 'CGU').

Cash and cash equivalents

For the purpose of the consolidated balance sheet and cash flow statement, cash and cash equivalents comprise cash in demand, bank accounts and bank deposits that require notice of three months or less.

2 Significant accounting policies continued

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group's financial assets are trade receivables, other receivables and cash and cash equivalents. These assets are held within a business model whose objective is to collect contractual cash flows and give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. As such, they are classified as measured at amortised cost.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expenses in profit or loss. Changes in the fair value of financial assets at FVTPL are recognised in the statement of comprehensive income.

Financial assets measured at amortised cost arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 365 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

Other receivables consist of amounts generally arising from transactions outside the usual operating activities of the Group. Due to the short-term nature of the other receivables, their carrying amount is considered to be the same as their fair value.

(c) Impairment

The Group applies the simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Financial liabilities

(a) Classification and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss

(b) Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(c) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the period end date, and is not discounted.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Uncertainty over Income Tax Positions

It may be unclear how tax law applies to a particular transaction or circumstance. The acceptability of a particular tax treatment under tax law may not be known until the relevant taxation authority or a court takes a decision in the future. Consequently, a dispute or examination of a particular tax treatment by the taxation authority may affect the Group's accounting for a current or deferred tax asset or liability.

If it is not probable that the uncertain tax treatment will be accepted, the Group measures the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Note 24 provides further information on how the Company accounts for government grants.

Leases

IFRS 16 requires lessees to recognise a lease liability that reflects future lease payments and a 'right-of-use asset' in all lease contracts within scope. IFRS 16 exempts lessees in short-term leases or the when underlying asset has a low value.

The Company has elected to apply the practical expedient and not to recognise right-of-use assets and lease liabilities for leases with low-value assets only. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the following lease payments:
- Fixed payments
- Variable payments that are based on index or rate
- The exercise price of an extension or purchase option if reasonably certain to be exercised
- Payment of penalties for terminating the lease, if a termination option is reasonably certain to be exercised

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

2 Significant accounting policies continued

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable. A corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the amounts involved are material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects the current market assessment of the time value of money and, when appropriate, the risks specific to the liability. Where discounting is applied to provisions, the increase in the value the provision due to the passage of time is recognised as a finance cost.

Where the Group is a party to a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under the contract a provision is recognised.

Share-based payments

Kape operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for Kape equity instruments (options). The fair value of the options and share awards is recognised as an employee benefit expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, Recurring Revenue and Earning Per Share targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit and loss, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (par value) and share premium when the options are exercised.

Cancellation or settlement is recognised as an acceleration of the vesting period, and therefore the amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately. Repurchase of cancelled or settled share based compensation plan, is accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at purchase date. Such excess is accounted as an expense.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Group and the nominal value of the share capital being issued is classified as additional paid in capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Critical accounting estimates and judgements

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and judgments that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following accounting policies cover areas that the Directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(a) Capitalisation of development expenses

Development costs which create identifiable assets and are expected to generate future economic benefits are capitalised, and the remainder is expensed to income statement. This requires the Group to perform judgements in apportioning costs to identifiable assets and making judgements about which assets are expected to give rise to future economic benefits. The Group tracks research and development employees' and advisors' time invested in each research and development project. The Group then estimates whether it has adequate technical, financial and other resources to complete the development of the intangible asset and how the intangible asset will generate probable future economic benefits. Wrong estimations might cause the Company to capitalise costs that otherwise would been recorded as operational expenses.

(b) Valuation of separately identifiable intangible assets

To determine the value of separately identifiable intangible assets in a business combination the Group is required to make judgements when utilising valuation methodologies. These methodologies include the use of discounted cash flows, revenue forecasts and the estimates for the useful economic lives of intangible assets. There are significant judgements involved in assessing what amounts are recognised as the estimated fair value of assets and liabilities acquired through business combinations, particularly the amounts attributed to separate intangible assets such as brands and customer relationships. These judgements impact the amount of goodwill recognised on acquisitions. Any provisional amounts are subsequently finalised within the 12-month measurement period, as permitted by IFRS 3. Details of acquisitions in the years ended December 31, 2019 and 2020 are set out in Note 19.

(c) Determining the customer lifetime

On recognising an asset in relation to marketing costs to obtain a contract, the Group determined the expected lifetime of the customer. The lifetime value has been determined after taking into consideration, the product sold, period of the licence, and the Group past experience.

The Group is monitoring changes which can affect the assessment during the period such as changes with the product, renewals rate etc.

Different assessment of the customer life time might impact the amount of Contract costs that are capitalised to the balance sheet and the rate in which the Deferred contract costs are amortised.

3 Revenue

	2020 $'000	2019 $'000
Sale of Digital Security, malware protection and PC performance products	**32,368**	35,949
Sale of Digital Privacy software solutions	**89,844**	30,111
	122,212	66,060

Revenues from software and SaaS products offering security, malware protection and PC performance are generated from the Digital Security CGU, while revenues from provision of Digital privacy software solutions are generated from the Digital Privacy CGU.

(a) Disaggregation of revenue

The following table presents our revenues disaggregated by the timing of revenue recognition in accordance with our reporting segments:

	2020 (USD, in thousands)			2019 (USD, in thousands)		
	Digital Security	**Digital Privacy**	**Total**	Digital Security	Digital Privacy	Total
Revenue recognised over a period	**4,470**	**69,645**	**74,115**	4,294	20,191	24,485
Revenue recognised at a point in time	**27,898**	**20,199**	**48,097**	31,655	9,920	41,575
Total	**32,368**	**89,844**	**122,212**	35,949	30,111	66,060

3 Revenue continued

(b) Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	31 December 2020 (USD, in thousands)	31 December 2019 (USD, in thousands)
Contract liabilities	**36,594**	35,312

Significant changes in relation to contract liabilities

The following table shows the significant changes in the current reporting period which relate to carried-forward contract liabilities.

Significant changes in the contract liabilities balances during the period are as follows:	**31 December 2020 (USD, in thousands)**	31 December 2019 (USD, in thousands)
Contract liabilities balance at the beginning of the period	**(35,312)**	(9,514)
Business combination	**–**	(23,723)
Revenue recognised that was included in the contract liability balance from Business combination	**–**	1,946
Revenue recognised that was included in the contract liability balance at the beginning of the period	**29,298**	7,349
Increase due to cash received, excluding amounts recognised as revenue during the period	**(30,580)**	(11,370)
Contract liabilities balance at the end of the period	**(36,594)**	(35,312)

Management expects that 79.6% of the transaction price allocated to the unsatisfied contracts (which represent the contract liabilities) as of 31 December 2020 will be recognised as revenue during the next annual reporting period ($29,131 thousands), 16.0% and 4.0% ($5,868 thousands and $1,464 thousands) will be recognised in 2022 and 2023 financial years, respectively. The remaining 0.4% ($131 thousand) will be recognised during the following financial years.

(c) Assets recognised from costs to obtain and fulfil a contract

Significant changes in relation to assets recognised from costs to obtain and fulfil a contract

	31 December 2020 (USD, in thousands)	31 December 2019 (USD, in thousands)
Short term Asset recognised from marketing cost to obtain a contract	**19,784**	12,057
Long term Asset recognised from marketing cost to obtain a contract	**30,726**	16,325
Short term Asset recognised from fulfilment cost to fulfil a contract	**1,670**	741
Long term Asset recognised from fulfilment cost to fulfil a contract	**354**	217
Significant changes in the deferred contract costs balances during the period are as follows:		
Balance at the beginning of the period	**29,340**	12,412
Amortisation recognised during the period – marketing costs	**(23,552)**	(12,033)
Amortisation recognised during the period – fulfilment cost	**(5,202)**	(2,963)
Increases due to cash paid – marketing costs	**45,681**	28,725
Increases due to cash paid – fulfilment cost	**6,267**	3,199
Balance at the end of the period	**52,534**	29,340

4 Segmental information

Segments revenues and results

Based on the management reporting system, the Group operates two reportable segments:

- Digital Security – comprising software and SaaS products offering security, endpoint protection and PC performance.
- Digital Privacy – comprising virtual private network ('VPN') solutions and other privacy SaaS products.

Year ended 31 December 2020	Digital Security 2020 $'000	Digital Privacy 2020 $'000	Total 2020 $'000
Revenue	32,368	89,844	122,212
Cost of sales	(2,045)	(14,127)	(16,172)
Direct sales and marketing costs	(16,977)	(22,882)	(39,859)
Segment result	**13,346**	**52,835**	**66,181**
Central operating costs			(27,208)
Adjusted EBITDA[1]			**38,973**
Other operating expenses			(313)
Depreciation and amortisation			(20,097)
Employee share-based payment charge			(1,232)
Exceptional or non-recurring costs			(6,623)
Operating profit			**10,708**
Finance income			–
Finance costs			(3,382)
Profit before tax			**7,326**
Taxation			22,343
Profit from continuing operations			**29,669**
Loss from discontinued operation (attributable to equity holders of the company)			(792)
Profit for the year			**28,877**

Exceptional or non-recurring costs in 2020 are comprised of non-recurring staff costs of $6.4 million which comprise of $4.9 million one-off bonus award to the management team for the successful integration of PIA, $1.5 million onerous contract cost relating to PIA's founder consulting agreement and $0.2 million (2019: $1.9 million) professional services and other business combinations related costs.

Year ended 31 December 2019	Digital Security 2019 $'000	Digital Privacy 2019 $'000	Total 2019 $'000
Revenue	35,949	30,111	66,060
Cost of sales	(2,085)	(5,440)	(7,525)
Direct sales and marketing costs	(15,991)	(9,135)	(25,126)
Segment result	17,873	15,536	33,409
Central operating costs			(18,850)
Adjusted EBITDA[1]			14,559
Other operating expenses			(91)
Depreciation and amortisation			(6,314)
Employee share-based payment charge			(1,680)
Exceptional or non-recurring costs			(2,331)
Operating profit			4,143
Finance income			300
Finance costs			(1,644)
Profit before tax			2,799
Taxation			(314)
Profit from continuing operations			2,485
Loss from discontinued operation (attributable to equity holders of the company)			(465)
Profit from the year			2,020

Exceptional or non-recurring costs in 2019 comprised of $0.4 million severance payments relating to the restructuring of ZenMate and Intego and $1.9 million for professional services and other business combinations related costs which derive from PIA acquisition.

1 Adjusted EBITDA is a company-specific measure which is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating expenses and employee share-based payment charges as set out in note 5.

4 Segmental information continued

Information about major customers

In 2020 and 2019 there were no customers contributing more than 10% of total revenue of the Group.

Geographical analysis of revenue

Revenue by residence of the recording subsidiary:

	2020 $'000	2019 $'000
Europe	**61,395**	56,793
US	**60,817**	9,267
	122,212	66,060

Geographical analysis of non-current assets

	2020 $'000	2019 $'000
US	**210,521**	222,227
France	**6,215**	6,663
Romania	**6,535**	6,712
Germany	**7,406**	8,912
Other	**2,653**	3,686
Total intangible assets, right-to-use assets and property, plant and equipment	**233,330**	248,200

5 Operating profit

Adjusted EBITDA

Adjusted EBITDA is calculated as follows:

	2020 $'000	2019 $'000
Operating profit	**10,708**	4,143
Depreciation and amortisation	**20,097**	6,314
Other operating expenses	**313**	91
Employee share-based payment charge	**1,232**	1,680
Exceptional or non-recurring costs:		
Non-recurring staff and restructuring costs	**6,405**	416
Exceptional costs	**218**	1,915
Adjusted EBITDA	**38,973**	14,559

Other operating expenses in 2020 are comprised mainly of $0.2 million loss from disposal of Company owned cars related to PIA acquisition (see note 27), $0.05 million of donation done in relation to the COVID-19 pandemic and $0.05 million of other fixed assets disposals.

Operating profit has been arrived at after charging:

	2020 $'000	2019 $'000
Exceptional or non-recurring operating costs		
Non-recurring staff costs	**6,405**	416
Professional services related to business combination	**218**	1,915
	6,623	2,331
Auditor's remuneration:		
Audit	**273**	210
Taxation services	**–**	21
Amortisation of intangible assets	**17,730**	4,784
Depreciation	**660**	353
Amortisation of Right-to-use assets	**1,707**	1,177
Employee share-based payment charge (note 16)	**1,232**	1,680

Operating costs

Operating costs are further analysed as follows:

	2020 Adjusted $'000	**2020 Total $'000**	2019 Adjusted $'000	2019 Total $'000
Direct sales and marketing costs	**39,859**	**39,859**	25,126	25,126
Indirect sales and marketing costs	**9,192**	**9,253**	7,903	7,998
Selling and marketing costs	**49,051**	**49,112**	33,029	33,124
Research and development costs	**6,194**	**6,332**	3,149	3,349
Management, general and administrative cost	**11,822**	**19,478**	7,798	11,514
Other operating expenses	**–**	**313**	–	91
Depreciation and amortisation	**4,825**	**20,097**	2,652	6,314
Total operating costs	**71,892**	**95,332**	46,628	54,392

Adjusted operating costs exclude share based payment charges, exceptional or non-recurring costs, other operating expenses and amortisation of acquired intangible assets. See note 4.

6 Staff costs

Total staff costs comprise the following:

	2020 $'000	2019 $'000
Salaries and related costs	**27,256**	14,280
Expenses for defined contribution plans	**837**	893
Employee share-based payment charge (note 16)	**1,232**	1,680
	29,325	16,853

The remuneration of the key management personnel of the Group which comprises the Executive Directors and senior management team, is set out below:

	2020 $'000	2019 $'000
The aggregate remuneration comprised:		
Wages and salaries	**6,341**	2,197
Expenses for defined contribution plans	**69**	86
Employee share-based payment charge	**1,005**	1,461
	7,415	3,744

Details of Directors' remuneration are set out in the Remuneration Committee report on pages 36 to 37.

7 Finance costs

	2020 $'000	2019 $'000
Interest expense on short-term shareholder loan (note 23)	**934**	221
Interest expenses on long-term loan (note 23)	**1,114**	–
Interest expense on lease liabilities (note 22)	**205**	77
Unwinding of discounting on deferred cash consideration (note 27)	**952**	82
Net foreign exchange and other finance expenses	**177**	1,264
	3,382	1,644

8 Taxation

The parent company is resident, for tax purposes in the UK. The final tax charge shown below arises partially from the difference in tax rates applied in the different jurisdictions in which the subsidiaries reside.

The Group recognised a deferred tax asset of $6,215 thousands (2019: $1,598 thousands) in respect of tax losses accumulated in previous years.

The total tax charge can be reconciled to the overall tax charge as follows:

	2020 $'000	2019 $'000
Profit from continuing operations before income tax expense	**7,326**	2,799
Loss from discontinuing operation before income tax expense	**(792)**	(465)
	6,534	2,334
Tax at the applicable tax rate of 19% (2019: 19%)	**1,241**	443
Tax effect of		
Differences in overseas rates	**2,072**	(386)
Expenses not deductible for tax purposes	**29**	999
Previously unrecognised tax losses now recouped to reduce current tax expense	**(27)**	(14)
Deferred tax not recognised on losses carried forward	**587**	454
Recognition of previously unrecognised deferred tax assets	**(261)**	(1,561)
Reversal of previously recognised deferred tax liability	**(25,639)**	–
Tax expense for previous years	**(345)**	379
Tax charge for the year	**(22,343)**	314
Income tax expenses is attributable to:		
Profit from continuing operations	**(22,343)**	314
Loss from discontinued operation	**–**	–
	(22,343)	314
The tax expense/(credit) from continuing operations analysed as:		
Deferred taxation in respect of the current year	**(23,419)**	(1,608)
Current tax charge	**1,076**	1,922
Tax charge for the year	**(22,343)**	314

PIA acquisition was structured as a tax free reorganisation in accordance to section 368(a) of the IRC code. This structure enabled the sellers to postpone the tax payment on their shares consideration to the time of the sale of these shares and reduces the tax rate from an income tax rate to a capital gain tax rate on that part of the consideration. A side effect of this structure is that the tax basis of the acquired intangible assets was zero for tax purposes for the Company, and thus any amortisation expense that is recorded in relation to these assets will not deductible be from tax profits. As a result, the Company recognised a deferred tax liability on the acquired intangible assets.

Following the Company's agreement with the sellers in October 2020 to buy back the shares that were already issued at closing and to cancel their deferred shares consideration (see note 14), the acquisition of PIA no longer meets the criteria of section 368(a) which means the transaction no longer qualifies as a tax free reorganisation but instead is considered as a taxable sale of assets by the sellers. The main implications on the Company is an increase in the tax basis of the acquired assets. As a result, PIA's intangible assets, including goodwill, will be amortised over 15 years for tax purposes and therefore create a tax saving. At the time of the PIA Acquisition, the Company recognised a deferred tax liability of $25.8 million, which had been reversed through the tax income line in the year ended 31 December 2020 and presented in the tax note as part of 'Reversal of previously recognised deferred tax liability'. The change to the tax structure will result in the creation of a deferred tax liability over the 15-year period that the assets are amortise for tax purposes. The tax liability will unwind in case of a sale or a write-off of the Goodwill. These figures are based on current US tax legislation.

The Group maintained provisions for potential historic tax liabilities presented in income tax liabilities. In 2020 the Group increased its provision by $0.2 million to $2.2 million (2019: $2.0 million). The increase in tax liabilities driven by the multi-national nature of the Company which give rise to uncertainty over the income tax treatment related to cross border services and transactions.

The Group has maximum corporation tax losses carried forward at each period end as set out below:

	2020 $'000	2019 $'000
Corporate tax losses carried forward	**46,037**	35,671

Details of the deferred tax asset recognised arising in respect of losses and timing differences is set out below:

	Losses carried forward $'000	Other temporary differences $'000	Total $'000
At 1 January 2019	159	569	728
Foreign exchange differences	–	9	9
Movement in the year due to temporary differences from continuing operations	1,440	3	1,443
At 31 December 2019	**1,599**	**581**	**2,180**
Foreign exchange differences	**145**	**–**	**145**
Movement in the year due to temporary differences from continuing operations	**4,471**	**(514)**	**3,957**
At 31 December 2020	**6,215**	**67**	**6,282**

Details of the deferred tax liability recognised arising from timing differences is set out below:

	Business combination $'000	Intangibles assets $'000	Deferred contract costs $'000	Capitalised Software Development Costs $'000	Total $'000
At 1 January 2019	2,718	–	98	309	3,125
Arising from business combinations	19,145	–	–	–	19,145
Foreign exchange differences	(3)	–	–	–	(3)
Movement in the year due to temporary differences from continuing operations	(726)	–	261	300	(165)
At 31 December 2019	**21,134**	**–**	**359**	**609**	**22,102**
Movement in the year due to temporary differences from continuing operations	**(19,674)**	**376**	**(225)**	**61**	**(19,462)**
At 31 December 2020	**1,460**	**376**	**134**	**670**	**2,640**

In addition, the Group has an unrecognised deferred tax asset in respect of the following:

	2020 $'000	2019 $'000
Tax losses carried forward	**24,219**	30,457
Unrecognised deferred tax assets due to tax losses carried forward	**3,447**	4,057

9 Intangible assets

	Intellectual Property $'000	Trademarks $'000	Customer Lists $'000	Goodwill $'000	Internet Domains $'000	Capitalised Software Development Costs $'000	Cryptocurrencies $'000	Total $'000
Cost								
At 1 January 2019	40,349	10,640	3,506	20,623	94	6,593	–	81,805
Additions	–	–	–	–	–	2,620	11	2,631
Acquisition through business combination	31,991	36,257	27,796	112,558	231	–	6	208,839
Foreign exchange differences	(76)	–	–	–	–	(57)	–	(133)
At 31 December 2019	72,264	46,897	31,302	133,181	325	9,156	17	293,142
Additions	–	11	–	–	–	2,544	365	2,920
Disposals	–	–	–	–	–	–	(105)	(105)
At 31 December 2020	**72,264**	**46,908**	**31,302**	**133,181**	**325**	**11,700**	**277**	**295,957**
Accumulated amortisation								
At 1 January 2019	(33,244)	(7,778)	(924)	–	–	(3,594)	–	(45,540)
Charge for the year	(2,050)	(544)	(1,069)	–	–	(1,121)	–	(4,784)
Foreign exchange differences	37	–	–	–	–	9	–	46
At 31 December 2019	(35,257)	(8,322)	(1,993)	–	–	(4,706)	–	(50,278)
Charge for the period	(5,465)	(3,447)	(6,359)	–	–	(2,459)	–	(17,730)
At 31 December 2020	**(40,722)**	**(11,769)**	**(8,352)**	**–**	**–**	**(7,165)**	**–**	**(68,008)**
Net book value								
At 1 January 2019	7,105	2,862	2,582	20,623	94	2,999	–	36,265
At 31 December 2019	37,007	38,575	29,309	133,181	325	4,450	17	242,864
At 31 December 2020	**31,542**	**35,139**	**22,950**	**133,181**	**325**	**4,535**	**277**	**227,949**

On 13 December 2019, the Group acquired 100% of the share capital of LTMI Holdings ('LTMI'). LTMI is the holding company for Private Internet Access Inc ('PIA'), a leading US-based digital privacy company with strong position in the data privacy services. PIA was established in 2009 and is a security software business, based in Denver, Colorado, with a focus on the provision of virtual private network ('VPN') solutions.

During the measurement period the Company recorded adjustments to increase liabilities assumed (other payables) with the corresponding entry to increase goodwill by $0.8 million, changes related to conditions that existed at the time of the acquisition. See Note 19.

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ('CGUs'), or group of units that are expected to benefit from that business combination.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. Goodwill allocated to the Digital Security CGU has a carrying amount of $11,688 thousands (2019: $11,688 thousands) and the Digital Privacy CGU has a carrying amount of $121,493 thousands (2019: $121,493 thousands).

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

For the Digital Security CGU, the recoverable value has been determined from value in use calculations based on cash flow projections for the next five years from the most recent budgets approved by management and extrapolated cash flows beyond this period using an estimated growth rate of 3 per cent (2019: 1 per cent). This rate does not exceed the average long-term growth rate for the relevant markets. If the growth rate was decreased by 2 percentage points the effect would have been nil. The rate used to discount these forecast cash flows is 17 per cent (2019: 17 per cent).

The discount rate used in the valuation of the Digital Security CGU was 17 per cent. If the discount rate was increased by 1 percentage point the effect would have been nil. There is no reasonably possible change in assumption that would give rise to an impairment.

For the Digital Privacy CGU, the recoverable value has been determined from value in use calculations based on cash flow projections for the next five years from the most recent budgets approved by management and extrapolated cash flows beyond this period using an estimated growth rate of 1 per cent (2019: 1 per cent). This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount these forecast cash flows is 15 per cent (2019: 15 per cent).

The discount rate used in the valuation of the Digital Privacy CGU was 15 per cent. If the discount rate was increased by 1 percentage point the effect would have been nil. There is no reasonably possible change in assumption that would give rise to an impairment.

10 Property, plant and equipment

	Computer equipment $'000	Furniture, fixtures and office equipment $'000	Leasehold improvements $'000	Cars $'000	Total $'000
Cost					
At 1 January 2019	1,342	278	186	149	1,955
Additions	192	108	101	117	518
Disposals	(12)	(88)	(4)	(11)	(115)
Acquisition through business combination	–	46	36	1,457	1,539
Foreign exchange differences	(4)	–	–	–	(4)
At 31 December 2019	1,518	344	319	1,712	3,893
Additions	424	34	78	–	536
Disposals	(10)	(2)	(27)	(1,109)	(1,148)
At 31 December 2020	**1,932**	**376**	**370**	**603**	**3,281**
Accumulated depreciation:					
At 1 January 2019	(1,104)	(90)	(1)	(47)	(1,242)
Charge for the period	(205)	(40)	(47)	(61)	(353)
Disposals	11	33	–	7	51
Foreign exchange differences	2	–	–	–	2
At 31 December 2019	(1,296)	(97)	(48)	(101)	(1,542)
Charge for the period	(179)	(44)	(98)	(339)	(660)
Disposals	6	2	–	288	296
At 31 December 2020	**(1,469)**	**(139)**	**(146)**	**(152)**	**(1,906)**
Net book value					
At 1 January 2019	238	188	185	102	713
At 31 December 2019	222	247	271	1,611	2,351
At 31 December 2020	**463**	**237**	**224**	**451**	**1,375**

11 Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables and contract assets	**3,953**	3,446
Prepayments	**1,785**	1,389
Other receivables	**3,146**	1,852
	8,884	6,687

Other receivables as of 31 December 2020 include VAT receivable balance of $1.7 million (2019: $1.2 million). The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above. The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is set out in note 15 of the consolidated financial statements.

12 Cash and cash equivalents

	2020 $'000	2019 $'000
Cash in bank accounts	**49,887**	7,472
Bank deposits	**25**	739
	49,912	8,211

The carrying value of these assets represents a reasonable approximation to their fair value.

13 Trade and other payables

	2020 $'000	2019 $'000
Trade payables	**8,926**	5,023
Accrued expenses	**7,866**	4,874
Employee liabilities	**1,848**	2,943
Other payables	**3,828**	4,965
	22,468	17,805

The Group's management consider that the carrying value of trade and other payables approximates their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices.

14 Shareholder's equity

	2020 Number of Shares	2019 Number of Shares
Issued and paid up ordinary shares of $0.0001	**222,297,719**	160,144,132

On 28 October 2020, the company issued a total of 59,230,769 new ordinary shares of US $0.0001 each ('Ordinary Shares') were subscribed for by investors, at an issue price of 150 pence per Placing Share. The Net amount proceeds after issue costs from the share issuance is $113.2 million.

As part of the LTMI Holdings acquisition on 2019, as disclosed in Note 19, the Company undertook to issue 42,701,548 new ordinary shares ('Consideration Shares') to be paid in three phases. LTMI co-founders Andrew Lee and Steve DeProspero would each been entitled to be issued 19,247,723 Consideration Shares representing approximately 10.4% of the enlarged issued share capital of Kape, of which 5,250,363 were issued on completion, 10,498,020 were due to be issued on the first anniversary of completion and 3,499,340 would have been issued on the second anniversary of completion. The balance of the Consideration Shares, being 4,206,102 in aggregate, are to be issued to four senior executives of PIA, of which 1,147,333 were issued on completion, 2,294,077 were issued on the first anniversary of completion and 764,692 will be issued on the second anniversary of completion.

On 28 October 2020, the Company and LTMI Co-founders have reached an agreement with respect to the repurchase of the Initial Consideration Shares and their right to receive the Deferred Consideration Shares by the Company, for a total consideration of approximately $72.5 million. Out of which, $52.7 million were paid for the deferred share consideration and $19.8 million paid for the Initial Consideration Shares and recognised as treasury. On 6 November 2020, the Company completed the transaction.

On 16 December 2020, at the first anniversary of completion, the Company issued 2,294,077 new ordinary shares to four senior executives of LTMI out of the deferred consideration shares. The remaining of the deferred share consideration is disclosed as shares to be issued.

As at 31 December 2020, the Company holds in the treasury total of 9,713,857 of ordinary shares of $0.0001 par value (2019: 3,865,223) and company's Employee Benefit Trust holds 1,200,000 ordinary shares. During 2020, 4,652,092 of ordinary shares of $0.0001 par value were transferred out of treasury to satisfy the exercise of options by the company employees (2019: 610,930).

No divided was declared in 2020 and 2019.

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed or share capital in excess of nominal value)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income
Foreign exchange	Cumulative foreign exchange differences of translation of foreign operations
Shares to be issued	Deferred share consideration

In accordance with Isle of Man Company Law, all of the reserves with the exception of share capital are distributable.

15 Financial Instruments and risk management

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

	Measurement Category
Non-current financial assets	
Deferred consideration	FVTPL
Current financial assets	
Deferred consideration	FVTPL
Trade receivables and contract assets	Amortised cost
Other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
Non-current liabilities	
Lease Liabilities	Amortised cost
Deferred consideration	Amortised cost
Contingent consideration	FVTPL
Loans and Borrowings	Amortised cost
Provisions	Amortised cost
Current liabilities	
Trade payables	Amortised cost
Other payables and accrued expenses	Amortised cost
Shareholder loan	Amortised cost
Lease Liabilities	Amortised cost
Deferred consideration	Amortised cost
Contingent consideration	FVTPL
Loans and Borrowings	Amortised cost
Provisions	Amortised cost

Financial assets

The following table shows the carrying amounts of financial assets measured as amortised costs:

	2020 $'000	2019 $'000
Trade receivables and contract assets	**3,953**	3,446
Other receivables	**3,146**	1,852
Cash	**49,912**	8,211
	57,011	13,509

The following table shows the fair values of financial assets, including their levels in the fair value hierarchy.

15 Financial Instruments and risk management continued

Financial liabilities

The following table shows the carrying amounts of financial liabilities measured as amortised costs:

	2020 $'000	2019 $'000
Trade payables	**8,926**	5,023
Other payables and accrued expenses	**9,434**	8,675
Provision (see note 25)	**1,400**	–
Loans and Borrowings (see note 23)	**36,736**	40,221
Lease liabilities (see note 22)	**4,547**	3,118
Deferred consideration (see note 27)	**14,494**	18,536
	75,537	75,573

The Group's Directors monitor and manage the financial risks relating to the operation of the Group. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

(a) Foreign currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Israeli New Shekel, British Pound, Euro, Philippines peso, Australian Dollar and Romanian Lei. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly and also avoids engaging in a significant level of transactions in currencies which are considered volatile or exposed to risk of significant fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Israeli New Shekel	**799**	950	**329**	213
Euro	**2,591**	2,459	**2,494**	1,986
British Pound	**4,404**	731	**3,442**	1,083
Australian Dollar	**183**	5	**–**	–
Romanian Lei	**859**	571	**1,183**	94
Philippines peso	**1,050**	1,318	**97**	18
Other	**–**	6	**8**	7
	9,886	6,040	**7,553**	3,401

A 10% weakening of the United States Dollar against the following currencies at 31 December 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% strengthening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Profit or loss	
	2020 $'000	2019 $'000
Israeli New Shekel	**(47)**	(74)
Euro	**(10)**	(47)
British Pound	**(96)**	35
Australian Dollar	**(18)**	–
Romanian Lei	**32**	(48)
Philippines peso	**(95)**	(130)
Other	**1**	–
	(233)	(264)

(b) Interest rate risk management

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to changes in market rates of interest or fair value interest rate risk, due to its borrowings which bear fixed interest rate plus USD Libor.

At the reporting date the interest rate analysis of financial instruments was:

	2020 $'000	2019 $'000
Fixed rate financial instruments		
Financial assets	**49,912**	8,211
Financial liabilities (note 22)	**(4,547)**	(3,118)
	45,365	5,093

	2020 $'000	2019 $'000
Fluctuating rate financial instruments		
Financial liabilities (note 23)	**(36,736)**	(40,221)
	(36,736)	(40,221)

Any increase/(decrease) by 1% in USD Libor interest rates will have an effect of $0.2 million on equity and profit or loss. This analysis assumes that all other variables, will remain constant.

In July 2019, the United Kingdom's Financial Conduct Authority, which regulates LIBOR (London Interbank Offered Rate), announced that it intends to phase out LIBOR by the end of 2021. It is unclear whether or not LIBOR will cease to exist at that time and/or whether new methods of calculating LIBOR will be established such that it will continue to exist after 2021. The US Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large US financial institutions, is considering replacing US Dollar LIBOR with a new SOFR (Secured Overnight Financing Rate) index calculated by short-term repurchase agreements, backed by Treasury securities. The Company has evaluated the impact of the transition from LIBOR, and currently believes that the transition will not have a material impact on the financial statements.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The principal credit risk is considered to result from new relationships with customers with which the Group does not have a long working relationship and for which reliable information as to their credit ratings cannot be obtained. In such cases the Group limits the initial credit facility afforded to these customers. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution or customer.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020 $'000	2019 $'000
Trade and other receivables	**7,071**	5,268
Cash at bank	**49,887**	7,472
Bank deposits	**25**	739
Receivables from related companies	**28**	30
	57,011	13,509

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

15 Financial Instruments and risk management continued

Wherever possible and commercially practical the Group invests cash with major financial institutions that have a rating of at least A-1 as defined by Standard & Poor's. While the majority of money is held in line with the above policy, a small amount is held at various institutions with no rating. The Group holds approximately 10.8% of its funds (2019: 19.3%) in financial institutions below A-1 rate and 0.0% in payment methods with no rating (2019: 0.1%).

	Total $'000	Financial institutions with A-1 and above rating $'000	Financial institutions below A-1 rating and no rating $'000
At 31 December 2020	**49,912**	**44,530**	**5,382**
At 31 December 2019	8,211	6,623	1,588

Before accepting a new customer, the Group assesses each potential customer's credit quality and risk. Customer contracts are drafted to reduce any potential credit risk to the Group.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles of sales over a period of 90 days month before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period.

At 31 December 2020 the expected credit losses provision for trade receivables and contract assets is as follows:

	Current $'000	**Between 1 and 30 days past due $'000**	**Between 31 and 30 days past due $'000**	**More than 60 days past due $'000**
Expected loss rate	**0%**	**0%**	**0%**	**0%**
Gross carrying amount	**3,712**	**97**	**32**	**112**
Loss provision	**–**	**–**	**–**	**–**

The ageing of trade receivables is shown below:

	2020 $'000	2019 $'000
Current	**3,712**	3,346
Between 1 and 30 days	**97**	10
Between 31 and 60 days	**32**	12
More than 60 days	**112**	78
	3,953	3,446

The Group holds a specific loss provision of $Nil at 31 December 2020 (2019: $Nil). The expected credit loss rate is immaterial to the Group, given the trade receivables predominantly relate to amounts due from payment providers following sale of the Group's products to consumers and are typically received within 7-60 days.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and any change in the credit quality from the date the credit was initially granted up to the reporting date.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. There were no impairment losses on trade receivables for the years ended 31 December 2020 and 2019.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group does not hold any collateral as security. Impairments of trade receivables are expensed as operating expenses.

Liquidity risk management

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The Group's liquidity risk is monitored by:
- Using regular cash flow reporting and projections to ensure that it is able to meet its obligations, including the loan, as they fall due.
- Projections the Company results to ensure meeting the loan covenants.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2020	**Carrying amounts $'000**	**Contractual cash flows $'000**	**3 months or less $'000**	**Between 3-12 months $'000**	**Between 1-5 years $'000**	**More than 5 years $'000**
Trade and other payables	**18,354**	**18,354**	**18,354**	**–**	**–**	**–**
Loans and Borrowings	**36,736**	**39,385**	**2,014**	**5,968**	**31,403**	**–**
Provision	**1,400**	**1,438**	**188**	**563**	**687**	**–**
Payables to related parties	**6**	**6**	**6**	**–**	**–**	**–**
Lease liabilities	**4,547**	**4,740**	**757**	**1,833**	**2,150**	**–**
Deferred consideration	**14,494**	**15,482**	**–**	**15,045**	**437**	**–**
	75,537	**79,405**	**21,319**	**23,409**	**34,677**	**–**

2019	Carrying amounts $'000	Contractual cash flows $'000	3 months or less $'000	Between 3-12 months $'000	Between 1-5 years $'000	More than 5 years $'000
Trade and other payables	13,640	13,640	13,640	–	–	–
Shareholder's loan	40,221	40,221	–	40,221	–	–
Payables to related parties	58	58	58	–	–	–
Lease liabilities	3,118	3,330	431	957	1,942	–
Deferred consideration	18,536	20,532	–	5,020	15,220	292
	75,573	77,781	14,129	46,198	17,162	292

Capital risk

The Group seeks to maintain a capital structure which enables it to continue as a going concern and which supports its business strategy. The Group's capital is provided by equity manages its capital structure through cash flow from operations and a long-term borrowing which was taken primarily to support PIA's acquisition.

16 Employee share-based payments

Options have been granted under the Group's share option scheme to subscribe for ordinary shares of the Company. At 31 December 2020, the following options were outstanding (2019: 13,018,231):

Group	Grant date	Number of shares under option	Subscription price per share
Group 1	29 May 2014	200,340	$0.538
Group 2	21 April 2015	179,563	$1.305
Group 3	5 January 2016	166,938	$0.710
Group 4	31 May 2016	800,000	$0.352
Group 5	26 October 2016	1,549,660	$0.467
Group 6	3 April 2017	197,500	$0.0001
Group 7	15 June 2017	498,987	$0.845
Group 9	26 April 2018	298,125	$1.280
Group 10	13 July 2018	910,000	$1.437
Group 11	24 August 2018	1,200,000	$0.000
Group 12	21 May 2019	342,500	$1.090
Group 13	20 November 2019	527,000	$1.040
Group 14	3 December 2019	650,000	$1.230
Group 15	21 May 2020	1,582,000	$2.050
Group 16	17 July 2020	25,000	$2.230
Group 17	26 November 2020	175,000	$2.400
Total		**9,302,613**	

16 Employee share-based payments continued

Vesting conditions

Groups 1-5, 7-10 and 12-17 – 25% at the end of the first year following the grant date. 6.25% on a quarterly basis during 12 quarters period thereafter.

Group 6 – 50% at the end of the second year following the grant date and the remainder at the end of the third year following the grant.

Group 11 – 33.33% on a yearly basis for 3 years period following the grant date subject to certain performance conditions.

The total number of shares exercisable as of 31 December 2020 was 4,795,448 (2019: 6,977,213).

The weighted average fair value of options granted in the year using the Cox, Ross and Rubinstein's Binomial Model (the 'Binomial Model') was $1.20. The inputs into the Binomial model are as follows:

	2020 $'000	2019 $'000
Early exercise factor	**100%**	100%
Fair value of Group's stock	**$2.31-$2.75**	$1.12-$1.91
Expected Volatility	**44.6%-59.6%**	45%
Risk free interest rate	**(0.79%)-(0.45%)**	0.47%-1.08%
Dividend yield	**–**	–
Forfeiture rate	**0%-20%**	0%-28%

We used the empirical observations for early exercise factor of public companies as an appropriate benchmark for the expected Early exercise factor.

Expected volatility was determined based on the historical volatility of comparable companies.

Forfeiture rate is assumed to be 0% for senior management and 20% for other employees.

The risk-free interest rate was estimated based on average yields of UK Government Bonds.

The Group recognised total share based payments relating to equity-settled share based payment transactions as follows:

	2020 $'000	2019 $'000
Share-based payment charge	**1,232**	1,680

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2020		2019	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
At the beginning of the year	**$0.66**	**13,018,231**	$0.59	12,158,805
Granted	**$2.09**	**1,817,000**	$1.14	1,844,500
Lapsed	**$1.20**	**(372,647)**	$1.00	(374,144)
Exercised	**$0.56**	**(5,159,971)**	$0.43	(610,930)
At the end of the year	**$0.84**	**9,302,613**	$0.66	13,018,231

The options outstanding at 31 December 2020 had a weighted average remaining contractual life of 7.34 years (2019: 7.3 years).

17 Earnings per share

Basic loss/earnings per share is calculated by dividing the loss/earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2020 cents	2019 cents
Basic earnings per share:		
From continuing operations	**15.4**	1.7
from discontinued operations	**(0.4)**	(0.3)
Total basic earnings per share	**15.0**	1.4
Diluted earnings per share:		
From continuing operations	**14.8**	1.7
from discontinued operations	**(0.4)**	(0.4)
Total diluted earnings per share	**14.4**	1.3
Adjusted basic	**14.1**	6.8
Adjusted diluted	**13.5**	6.5

Adjusted earnings per share is a non-GAAP measure and therefore the approach may differ between companies. Adjusted earnings have been calculated as follows:

	2020 $'000	2019 $'000
Profit for the year	**28,877**	2,020
Post tax adjustments:		
Employee share-based payment charge	**1,344**	1,767
Exceptional or non-recurring costs	**5,630**	2,136
Amortisation on acquired intangible assets	**14,652**	3,112
Loss from discontinued operations	**792**	465
Other operating expense	**371**	92
Exceptional deferred tax charge	**(25,639)**	–
Finance cost on deferred consideration for business combination and on lease liabilities	**1,157**	138
Adjusted profit for the year	**27,184**	9,730

	Number	Number
Denominator – basic:		
Weighted average number of equity shares for the purpose of earnings per share	192,596,652	143,217,060
Adjustments for calculation of diluted earnings per share:		
Impact of potentially dilutive shares related to employee options	8,406,227	7,208,944
Denominator – diluted		
Weighted average number of equity shares for the purpose of diluted earnings per share	201,002,879	150,426,004

The diluted denominator has not been used where this has anti-dilutive effect. Basic and diluted loss per share are therefore the same for reporting purposes.

The difference between weighted average number of ordinary shares used for basic earnings per share and the diluted earnings per share 8,406,227 (2019: 7,208,944) being the effect of all potentially dilutive ordinary shares derived from the number of share options granted to employees.

18 Subsidiaries

Name	Country of incorporation	Principal activities	Holding %
CyberGhost SRL*	Romania	A leading cyber security SaaS provider, with a focus on the provision of virtual private network ('VPN') solutions	100
Neutral Holding Inc	United Sates of America	Holding company of Intego inc, a leading cyber security SaaS provider, with a focus on the provision of malware protection to Macintosh operating systems.	100
Intego SA*	France	Development and technical support services.	100
Intego Inc*	United Sates of America	A leading cyber security SaaS provider, with a focus on the provision of malware protection to Macintosh operating systems	100
ZenGuard GMBH*	Germany	A leading cyber security SaaS provider, with a focus on the provision of virtual private network ('VPN') solutions and Provision of software development services to its parent company	100
Reimage Limited	Isle of Man	Development and sale of the 'Reimage' software tool.	100
Reimage Limited*	Cyprus	Consulting, market research and software development services	100
R.S.F Remote Software Fixing Limited*	Israel	Provision of development, technical support and marketing support services to its parent company	100
KLTM5 Holding	United Sates of America	Holding company of Private Internet Access Inc, a leading cyber security SaaS provider, with a focus on the provision of virtual private network ('VPN') solutions	100
Private Internet Access Inc*	United Sates of America	A leading cyber security SaaS provider, with a focus on the provision of virtual private network ('VPN') solutions	100
Kape Technologies (Cyprus) Limited (formerly Crossrider Technologies Limited)	Cyprus	Provision of professional services to the Group entities	100
Crossrider Sports Limited*	United Kingdom	Provision of consulting services to the Group entities	100
Definiti Media Ltd*	Israel	Providing user acquisition services for the group activities	100
Crosspath Trading Limited	British Virgin Islands	Provision of professional services to the Group entities	100
Kape Technologies Employee Benefit Trust	Jersey	Employee benefit trust	100
Plus Ultra Link LLC*	United Sates of America	Development of a speeds up internet connections software	80
Ember Infrastructure Services, LLC*	United Sates of America	Provision of Infrastructure Services	100
BestAd Hi-Tech Media Limited*	Israel	Inactive	100
Crossrider Advanced Technologies Limited*	Israel	Inactive	100
Crossrider (Israel) Limited*	Israel	Inactive	100
Blueroad Technologies Limited (Formerly Blueroad Trading Limited)*	Cyprus	Inactive	100
CyberGhost (Cyprus) Limited (Formerly Frontbase Trading Limited)*	Cyprus	Inactive	100
Crossrider ROM SRL*	Romania	Inactive	100
Art5 Limited**	Jersey	Special purpose entity for Cash box equity raise	100

* Indirect shareholding
** under liquidation

The Group was formed from a series of common control transactions which have been accounted for using merger accounting; and acquisitions from third parties which have been accounted for using the acquisition method.

19 Business combinations

(a) Acquisition of LTMI Holdings

On 13 December 2019, the Group acquired 100% of the share capital of LTMI Holdings ('PIA'). LTMI is the holding company for Private Internet Access Inc ('PIA'), a leading US-based digital privacy company with strong position in the data privacy services.

New information about facts and circumstances existing at the acquisition date may be obtained within one year of the acquisition date that would give rise to measurement period adjustments. These adjustments may be made to the provisional fair values of assets and liabilities previously recognized or may result in the recognition of additional assets and liabilities, and they are applied on a retrospective basis with comparative prior periods revised in subsequent financial statements to include the effect of those adjustments. During the year ended December 31, 2020, the Company recognised measurement period adjustments, related to liabilities assumed of $0.8 million with the corresponding entry to goodwill. In accordance with the accounting guidance the adjustment was applied on a retrospective basis with comparative financial statements updated in this Annual Report for this adjustment. The purchase price allocation was finalised in the year ended 31 December 2020. For further explanation regarding the Group's policy regarding business combinations, please refer to Note 2.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, are as follows:

	Acquiree's carrying amount before combination $'000	Final fair value $'000
Brand and domain name	–	36,257
Technology	478	31,991
Customer lists	–	27,796
Deferred tax liability	(942)	(25,804)
Cash and cash equivalents	676	676
Trade and other receivables	976	976
Property, plant and equipment, net	1,539	1,539
Intangible assets, net	237	237
Right-of-use assets	386	386
Deferred Contracts costs	3,491	–
Deferred tax assets	6,438	6,659
Contract liabilities	(23,723)	(23,723)
Trade and other payables	(12,699)	(12,699)
Long-term debt	(32,161)	(32,161)
Lease liabilities	(314)	(314)
	(55,618)	11,816
Fair value of consideration		
Cash		27,076
Shares		21,657
Deferred Cash consideration		18,325
Deferred shares consideration		56,499
Deferred assets consideration		817
Goodwill		112,558

Net cash outflow on acquisition of business

	2019 $'000
Cash consideration	**27,076**
Cash paid to LTMI Holding's Phantom shareholder	**5,763**
Cash paid to repay Long-term debt	**32,161**
Cash and cash equivalents acquired	**(676)**
	64,324

19 Business combinations continued

As part of the LTMI Holdings acquisition on 2019, the company issued 42,701,548 new ordinary shares ('Consideration Shares') to be paid in three phases. LTMI co-founders Andrew Lee and Steve DeProspero were each be entitled to be issued 19,247,723 Consideration Shares representing approximately 10.4% of the enlarged issued share capital of Kape, of which 5,250,363 were issued on completion, 10,498,020 were due to be issued on the first anniversary of completion and 3,499,340 will be issued on the second anniversary of completion. The balance of the Consideration Shares, being 4,206,102 in aggregate, are being issued to four senior executives of PIA, of which 1,147,333 were issued on completion, 2,294,077 were issued on the first anniversary of completion and 764,692 will be issued on the second anniversary of completion.

On 28 October 2020, the Company and the LTMI Co-founders Andrew Lee and Steve DeProspero reached an agreement whereby the Company purchased back their Initial Consideration Shares and removed their right to receive the Deferred Consideration Shares in exchange for cash consideration of approximately $72.5 million. On 6 November 2020, the Company completed the transaction. As this relates to a new agreement entered into in 2020 and was not envisaged at the date of acquisition, this has been treated as a new transaction in 2020 rather than a measurement period adjustment.

20 Discontinued operation

(a) Description

On 26 July 2018, the Group sold the Media division to Ecom Online Ltd. As for the sale date, the Media division included Clearvelvet Trading Limited ('Clearvelvet') and Intangible assets of the Media CGU. As consideration, the Group will receive a 50% share of EBITDA from the Media division for the next five years following the sale. The fair value of the deferred consideration as at 31 December 2020 was $Nil (2019: $0.8 million). Decrease to the fair value is presented as discontinued operation.

The deferred consideration fair value has been determined in use calculations based on cash flow projections for the period left using the most recent expectations received from the acquire. The rate used to discount these forecast cash flows is 25 per cent (2019: 25 per cent).

The discount rate used in the valuation was 25 per cent. If the discount rate was increased by 1 percentage point the effect would have been $Nil million. There is no reasonably possible change in assumption that would give rise to an impairment.

(b) Financial performance

The financial performance and cash flow information presented are for the year ended 31 December 2020 and 2019.

	2020 $'000	2019 $'000
Revenue	**–**	–
Expenses	**–**	–
Loss before income tax	**–**	–
Income tax expenses	**–**	–
Loss after income tax of discontinued operation	**–**	–
Fair value movements on deferred consideration	**(792)**	(465)
Loss on sale of the Media division	**–**	–
Loss from discontinued operation	**(792)**	(465)
Net cash outflow from operating activities	**–**	–
Net cash outflow from investing activities	**–**	–
Net cash flow from financing activities	**–**	–
Net decrease in cash generated by the Media division	**–**	–

21 Related party transactions

The Group is controlled by Unikmind Holdings Limited ('Unikmind') incorporated in British Virgin Islands, which owns 64.3% of the Company's shares as at 31 December 2020. The controlling party, Unikmind Holdings Ltd, has redomiciled from the British Virgin Islands to the Isle of Man. Mr. Teddy Sagi is the sole ultimate beneficiary of Unikmind Holdings Ltd.

(a) Related party transactions

The following transactions were carried out with related parties:

	2020 $'000	2019 $'000
Technical support services to end customers and administration services provided by common controlled company	**(207)**	(254)
Office expenses to common controlled companies	**(61)**	(163)
Payment processing services provided by common controlled company	**–**	(189)
Development services provided by common controlled company	**–**	(29)
Amortisation of Right-to-use assets with common controlled companies (Note 22)	**(1,069)**	(941)
Interest expenses from lease liabilities to common controlled companies	**–**	(65)
Interest expenses from shareholder short-term loan and debt facility	**(934)**	(221)
	(2,271)	(1,862)

On 6 December 2019, Kape entered into a $40.0 million short-term debt facility from Unikmind Holdings Limited ('Unikmind'), Kape's largest shareholder, and was also provided with an additional debt facility of $20.0 million, on similar terms. The Term Loan had a fixed interest rate of 5% above 6 months USD Libor. Each tranche of the Term Loan was repayable on the earlier of a third-party refinancing of the Term Loan and 6 months after its utilisation unless such tranche's maturity was extended, at the Company discretion, until 31 March 2021. The Term Loan could be repaid early in whole or part by the Borrower free of any penalty. The Term Loan also included a commitment fee on undrawn amounts only from the moment they become available in accordance to the payment schedule and certain other customary obligations on the Borrower in relation to the lender's costs and expenses and in relation to taxes. The Term debt facilities had a fixed interest of 1.5% upon availability, $5.0 million on the first anniversary and $15.0 million on the second anniversary.

Borrowings under the Term Loan were guaranteed by Kape and secured by a share charge granted by Kape in respect of its shares in the Borrower subsidiary.

In April 2020, Kape re-financed the Shareholder Term Loan with third party facilities and repaid the Shareholder Term loan in full, as further described in Note 23.

(b) Receivables owed by related parties (Note 15)

Name	Nature of transaction	2020 $'000	2019 $'000
Parent company	Unpaid share capital	**10**	10
Companies related by virtue of common control	Other	**18**	20
		28	30

(c) Payables to related parties (Note 15)

Name	Nature of transaction	2020 $'000	2019 $'000
Companies related by virtue of common control	Other	**6**	58
Unikmind Holdings Limited	Shareholder loan	**–**	40,221
		6	40,279

(d) Right-to-use assets and Lease liabilities to related parties (Note 22)

	2020 $'000	2019 $'000
Right-to-use assets	**758**	2,058
Lease liabilities	**(932)**	(2,387)

22 Leases

The recognised right-of-use assets relate to the following types of assets:

Rights-of-use assets:	2020 $'000	2019 $'000
Real estate leases	**2,060**	2,840
Vehicles	**22**	138
Colocation	**1,924**	7
	4,006	2,985

Right-of-Use Assets

	Real estate leases $'000	Vehicles $'000	Colocation $'000	Total $'000
At 1 January 2019	1,720	49	–	1,769
Additions	2,019	44	7	2,070
Additions through business combination	308	78	–	386
Effect of modification to lease terms	(63)	–	–	(63)
Amortisation	(1,144)	(33)	–	(1,177)
At 31 December 2019	**2,840**	**138**	**7**	**2,985**
Additions	**438**	**–**	**2,205**	**2,643**
Effect of modification to lease terms	**141**	**(3)**	**–**	**138**
Amortisation	**(1,359)**	**(60)**	**(288)**	**(1,707)**
Disposal	**–**	**(53)**	**–**	**(53)**
At 31 December 2020	**2,060**	**22**	**1,924**	**4,006**

Lease liabilities

	Real estate leases $'000	Vehicles $'000	Colocation $'000	Total $'000
At 1 January 2019	1,863	56	–	1,919
Additions	2,019	44	7	2,070
Additions through business combination	314	–	–	314
Effect of modification to lease terms	(66)	–	–	(66)
Interest expense	76	1	–	77
Lease payments	(1,207)	(39)	–	(1,246)
Foreign exchange movements	50	–	–	50
At 31 December 2019	**3,049**	**62**	**7**	**3,118**
Additions	**438**	**–**	**2,205**	**2,643**
Effect of modification to lease terms	**141**	**(3)**	**–**	**138**
Interest expense	**182**	**2**	**21**	**205**
Lease payments	**(1,497)**	**(34)**	**(305)**	**(1,836)**
Foreign exchange movements	**188**	**2**	**89**	**279**
At 31 December 2020	**2,501**	**29**	**2,017**	**4,547**

2020	Carrying amount $'000	Contractual cash flow $'000	3 months or less $'000	Between 3-12 months $'000	Between 1-5 years $'000	More than 5 years $'000
Lease liabilities	**4,547**	**4,740**	**757**	**1,833**	**2,150**	**–**

The Company leases various real estate leases, vehicles and Server spaces ('Colocation'). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. The weighted average lessee's incremental borrowing rate applied to the new lease liabilities during the year ended 31 December 2020 was 3.72%.

Extension and termination options are included in a few lease contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

23 Loans and Borrowings

	Bank loan $'000	Shareholder loan $'000
At 1 January 2019	–	–
Term Facility	–	40,000
Interest expenses	–	221
At 31 December 2019	**–**	**40,221**
Term Facility	**40,000**	**–**
Revolving credit facility	**1,654**	**–**
Debt issuance costs	**(1,730)**	**–**
Interest expenses	**1,114**	**934**
Interest paid	**(658)**	**(1,155)**
Net foreign exchange	**(8)**	**–**
Repayment of loan	**(3,636)**	**(40,000)**
At 31 December 2020	**36,736**	**–**

Shareholder loan

On 6 December 2019, Kape entered into a $40.0 million short-term debt loan from Unikmind Holdings Limited ('Unikmind'), Kape's largest shareholder, and was also provided with an additional debt facility of $20.0 million, $5 million of it was available on December 2020 and $15 million would be available on December 2021 ('Term Loan'). The Term Loan had a fixed interest rate of 5% above 6 months USD Libor. Each tranche of the Term Loan was repayable on the earlier of a third-party refinancing of the Term Loan and 6 months after its utilisation unless such tranche's maturity was extended until 31 March 2021. The Term Loan can be prepaid in whole or any part of the Term Loan, free of any penalty at any time. The Term Loan also includes a commitment fee on undrawn amounts only from the moment they become available in accordance with the payment schedule and certain other customary obligations on the Borrower in relation to the lender's costs and expenses and in relation to taxes. Term debt facilities have a fixed interest of 1.5% upon availability.

On 4 May 2020, Kape repaid the Term Loan and the accumulated interest in full following closing of a new bank debt facility, as detailed below. The undrawn additional debt facility of $20m was also terminated as of 4 May 2020.

Bank loan

(a) General

On 28 April 2020, Kape agreed with Bank of Ireland, Barclays Bank, and Citi Commercial Bank (the 'Banks'), to provide a senior secured term and revolving credit facilities of up to $70 million (the 'New Debt Facilities'), the facility is a club of banks with Bank of Ireland acting as the agent bank.

The New Debt Facilities comprise of a $40 million term facility (the 'Term Facility'), a $10 million revolving credit facility (the 'RCF'), and a $20 million uncommitted acquisition facility (the 'Uncommitted Acquisition Facility'). The New Debt Facilities have a three-year term with an option to extend by up to an additional two years, 50% of the Term Facility will be repaid on a quarterly basis across 36 months starting from 30 September 2020. The remaining 50% of the Term Facility will be repaid in a single bullet payment in 2023.

Term Facility

The net proceeds of the Term Facility after deducting debt issuance costs of the Term Facility totalled to $38.3 million. Debt issuance costs of the Term Facility have been offset against the principal balance and are amortised using the effective interest method over the life of the loan.

The Term Facility carries an interest rate of 3 months LIBOR (as of the beginning of the relevant period) plus an opening margin of 2% per annum.

The applicable margin is linked to the Adjusted Leverage, tested at the end of each quarter for the preceding 12 months. In case the Adjusted Leverage will be greater than 2 or less than 1 the applicable margin will change to 2.25% or 1.85%, respectively. The applicable margin as of 31 December 2020, is 1.85%. The effective interest rate after considering debt issuance cost is 3.975%.

23 Loans and Borrowings continued

RCF

A $10 million revolving credit facility, that carries a commitment fee for the unused facility of 35% of the applicable margin and interest rate as of the Term Facility. As of the reporting date the credit facility drawn amount is $1.65 million of which $0.1 million (GBP 0.07 million) received with GBP. The RCF is paid along with the term facility last payment.

Uncommitted Acquisition Facility

Up to $20 million to be used for acquisitions, including the funding of deferred consideration due under the acquisition agreement of Private Internet Access. The interest rate will be 3 months LIBOR plus a margin of no more than 1% above the original Margin applicable to the Term Loan or RCF. As of December 31, 2020, the Uncommitted Acquisition Facility drawn amount is $Nil million.

(b) Security

The New Debt Facilities are secured by first ranking security over all assets (including material Intellectual Property) of Kape Technologies Plc ('Parent') and her material subsidiaries ('Obligors') and over the shares in all Obligors (other than the Parent).

(c) Loan Covenants

The Group is required to comply with the following financial covenants:

- The ratio of EBITDA to Net Finance Charges ('Interest Cover') shall not be less than 4.0x in respect of any Relevant Period.
- The ratio of Total Net Debt on the last day of the relevant period to Adjusted EBITDA in respect of that Relevant period ('Adjusted Leverage'), shall not exceed 2.5x for the first 4 relevant periods and 2.0x thereafter.

As of 31 December 2020, the Group has met the financial covenants as follows:

- Interest Cover: 22
- Adjusted Leverage: (0.29)

Fair Value

As of December 31, 2020, the fair values are not materially different from the carrying amount of the Bank Loan, since the interest payable is deemed to be market rate.

24 Governments Grants

On 30 April 2020, Private Internet Access Inc received $0.7 million from the US Treasury as part of the Paycheck Protection Program ('PPP'). Following the COVID-19 crisis, US Treasury declared the PPP to provide relief to small businesses during the Coronavirus pandemic as part of the $2 trillion Coronavirus Aid. Each business can borrow up to 2.5 of monthly payrolls, rent, and utilities expenses. The loan will bear interest of 0.5% and potentially can be fully forgiven if the proceeds were used to fund qualified payroll and non-payroll (rent and utilities) expenses in the 24 weeks subsequent to disbursement while keeping a level factor of the expenses.

As of 31 December 2020, the Group believes the PPP amount will be fully forgiven and accounted as a Government grant. The PPP is recognised in profit and loss over the period necessary to match them with the costs that they are intended to compensate. As of 31 December 2020, the remaining unrecognized balance of the PPP is $nil.

25 Provisions

On 28 October 2020, as part of LTMI's founders buy-back transaction, the Company terminated the consultancy services arrangement provided to the Company by Andrew Lee through a services company. The remaining contract liability will be paid in monthly instalments, starting November 2020. As of December 31, 2020, the provision balance is $1.4 million. From the remaining amount, $0.7 million will be settled in 2021 and $0.7 million in 2022.

26 Contingent liabilities

The Group had no contingent liabilities as at 31 December 2020.

27 Deferred and contingent consideration

(a) Acquisition of DriverAgent intangibles

In October 2016, the Group acquired the intellectual property of PC maintenance software product, DriverAgent, from eSupport.com, Inc for a total consideration of $1.2 million. As for 31 December 2020, the consideration included $0.2 million of consideration (2019: $0.2 million) which is contingent on future results.

(b) Repurchase of share-based consideration

On 20 November 2017, the Company repurchased 3,810,667 options out of the 4,057,813 option granted to the CyberGhost's former founder for total cash consideration of $3.8 million (€3.2 million). Out of this $1.9 million (€1.625 million) were paid upon execution of the purchase agreement, while the remaining amount was paid in eight equal instalments amounting of $235 thousand (€197 thousand) per quarter over the course of two years and recognised as deferred consideration. On 28 March 2019, the Company accepted CyberGhost's former founder request for immediate remittance of the remaining consideration in exchange for reduction on the amount of said consideration, equal to 7%. As of 31 December 2019, the deferred consideration was fully paid with $Nil balance.

(c) Sale of the Media Division

On 26 July 2018, the Group sold the media division to Ecom Online Ltd. This sale is in-line with the Company's strategy to develop and distribute its own cybersecurity products. As agreed, the Group will receive a 50% share of EBITDA from the Media division for the next five years following the sale, which will be reinvested in the Group's core Digital Security and Digital Privacy segments. As at 31 December 2020, the consideration included $Nil million (2019: $0.8 million) of deferred consideration receivable.

(d) Acquisition of Private Internet Access Inc

On 13 December 2019, the Group acquired 100% of the share capital of LTMI Holdings ('PIA'). LTMI is the holding company for Private Internet Access Inc ('PIA'), a leading US-based digital privacy company with strong position in the data privacy services. PIA was acquired for a total consideration of $130.1 million (including the $5.7 million to PIA phantom shareholder) and an enterprise value of $162.3 (including $32.2 million for repayment of PIA's existing debt), to be satisfied by a combination of $85.0 million cash and issuance of 42,701,548 new Kape ordinary shares to be paid in three phases:

- A payment upon closing of $65.0 million in cash of which $27.1 million to PIA founders, $5.7 million to PIA phantom shareholder and $32.2 million for repayment of PIA's existing debt, and 11,648,059 Consideration Shares.
- A payment on the first anniversary of completion of $5.0 million in cash ('Deferred cash consideration'), 23,290,117 Consideration Shares and Company owned cars ('Deferred assets consideration').
- A payment on the second anniversary of completion of $15.0 million in cash ('Deferred cash consideration'), 7,763,372 Consideration Shares and Company owned cars ('Deferred assets consideration').

On 28 October 2020, the Company and the LTMI Founders reached an agreement with respect to the sale and purchase of the Initial Consideration Shares and their right to receive the Deferred Consideration Shares, for a total consideration of approximately $72.5 million. On 6 November 2020, the Company completed the transaction. As of 31 December 2020, the Company holds the Initial Consideration Shares in Treasury.

As of 31 December 2020, the deferred consideration balance included $14.3 million (2019: $18.4 million) of deferred cash consideration, $1.35 million (2019: $56.5 million) of shares consideration and $0.2 million (2019: $0.8 million) of assets consideration.

28 Subsequent events

On 5 March 2021 the group acquired Uma Capital Ltd and Ani Ariel Ltd, which are the owners of Webselenese, for a total consideration of $149.1 million (the 'Consideration') to be satisfied by a combination of $116.6 million in cash and $32.5 million in new shares, amounting to 12.1 million Kape ordinary shares ('Consideration Shares'). Out of the cash consideration Webselenese's founders will use $1.34 million to purchase Kape Shares in the market following the close of the transaction. The cash element of the Consideration will be funded through a combination of $32.5 million of Kape's own cash resources and $85 million drawn down under a $120 million bridge facility (the 'Bridge Loan') made available by TS Next Level Investments Limited ('TSNLI'), an affiliate of Unikmind Holdings Limited, Kape's majority shareholder.

The Bridge Loan will carry a fixed coupon of 6.0% per annum payable on funds drawn and an arrangement fee of 1.0%. The Bridge Loan is subordinated to Kape's existing bank facilities and is repayable on 31 December 2021 (which may be extended to 30 April 2022 at the sole discretion of Kape). The Bridge Loan may be repaid at any time in whole or part by Kape without penalty. The Bridge Loan is currently unsecured, but in the event that it is still outstanding after 90 days, customary security over the shares held by Kape in KLTM5 Holdings Inc., UMA Capital Ltd and ANI Ariel Ltd will be granted to TSNLI. The Bridge Loan also includes certain customary obligations on Kape in relation to TSNLI's costs and expenses and in relation to taxes.

Due to the proximity of the acquisition to the date of the approval of these financial statements the fair value exercise including quantification of acquired intangibles and goodwill is incomplete.

Shareholder information, including financial results, news and information on products and services, can be found at www.kape.com.

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Stock exchanges
The Company's ordinary shares are listed on the AIM market of the London Stock Exchange under the symbol 'KAPE'. The Company does not maintain listings on any other stock exchanges.

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